

**MISSOURI SLOPE AREAWIDE UNITED WAY
BISMARCK, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Missouri Slope Areawide United Way
Bismarck, North Dakota

Opinion

We have audited the accompanying financial statements of Missouri Slope Areawide United Way (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Missouri Slope Areawide United Way as of June 30, 2022 and 2021, 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.

Emphasis of Matter

As described in Note 11, the Organization has restated its June 30, 2021 financial statements to properly account for restricted donations.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Missouri Slope Areawide United Way and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Missouri Slope Areawide United Way's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Missouri Slope Areawide United Way's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Missouri Slope Areawide United Way's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



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

May 31, 2023

MISSOURI SLOPE AREAWIDE UNITED WAY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

ASSETS	<u>2022</u>	<u>2021 (Restated)</u>
Current assets:		
Cash and cash equivalents	\$ 2,287,598	\$ 2,440,292
Pledges receivable, net of allowance for uncollectible pledges of \$98,000 in 2022 and 2021, respectively	400,449	567,822
Other receivable	137,689	69,688
Prepaid expenses	9,950	9,950
Total current assets	<u>2,835,686</u>	<u>3,087,752</u>
Equipment and furniture	49,023	49,023
Less accumulated depreciation	(40,590)	(36,454)
Net equipment and furniture	<u>8,433</u>	<u>12,569</u>
Other assets:		
Cash restricted for endowment	870,255	615,331
Certificates of deposit - designated for reserves	111,801	99,822
Investment in BABS	342,392	346,755
Investments - ND Community Foundation Endowment	1,548,560	1,856,059
Total other assets	<u>2,873,008</u>	<u>2,917,967</u>
Total assets	<u>\$ 5,717,127</u>	<u>\$ 6,018,288</u>
 LIABILITIES AND NET ASSETS 		
Current liabilities:		
Accounts payable and accrued expenses	\$ 77,403	\$ 97,929
Unpaid agency allocations	391,425	391,425
Deferred revenue	-	-
Total current liabilities	<u>468,828</u>	<u>489,354</u>
Long term liabilities:		
Note payable	73,754	157,704
Total liabilities	<u>542,582</u>	<u>647,058</u>
Net assets:		
Without donor restrictions:		
Board designated	864,607	424,908
Undesignated	1,218,752	1,867,378
Total net assets without donor restrictions	<u>2,083,359</u>	<u>2,292,286</u>
With donor restrictions:	<u>3,091,186</u>	<u>3,078,944</u>
Total net assets	<u>5,174,545</u>	<u>5,371,230</u>
Total liabilities and net assets	<u>\$ 5,717,127</u>	<u>\$ 6,018,288</u>

See Notes to the Financial Statements

MISSOURI SLOPE AREAWIDE UNITED WAY
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021 (Restated)
Changes in net assets without donor restrictions		
Public support:		
Total amounts raised	\$ 1,427,953	\$ 1,256,716
In-kind donations	144,992	102,761
Net assets released from time restrictions		
Less: designations by donors to specific organizations	(123,498)	(57,412)
Less: designations by donors to United Way Initiatives	(482,030)	(808,240)
Less: designations by donors to United Way Endowment Fund	(301,371)	(276,765)
Less: provision for uncollectible pledges	(283,936)	(136,534)
Net assets released from restriction	924,355	679,736
Total public support	1,306,465	760,262
Revenue:		
Investment income	2,692	2,713
Unrealized gain (loss) on investments	-	5,941
Gain (loss) on sale of equipment	-	(436)
PPP loan forgiveness	83,950	83,951
ERTC income	68,002	69,688
Miscellaneous income	14,950	16,876
Total public support and revenue	1,476,059	938,995
Expenses:		
Program services:		
Agency allocation payments	771,905	790,401
Dolly Parton Imagination Library	89,177	94,181
Community	1,170,507	1,004,950
Less: allocations funded through donor designations	(906,899)	(1,142,417)
Total program services	1,124,690	747,115
Supporting services:		
Fundraising	243,301	215,159
Administration	316,995	223,493
Total supporting services	560,296	438,652
Total expenses	1,684,986	1,185,767
Change in net assets without donor restrictions	(208,927)	(246,772)
Changes in net assets with donor restrictions:		
Public support:		
Total amounts raised	1,196,395	1,616,926
Other income:		
Net investment income	9,541	7,420
Unrealized gain (loss) on investments	(269,339)	350,054
Net assets released from restriction	(924,355)	(679,736)
Change in net assets with donor restrictions	12,242	1,294,664
Change in net assets	\$ (196,685)	\$ 1,047,892

See Notes to the Financial Statements

MISSOURI SLOPE AREAWIDE UNITED WAY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Program Services</u>			<u>Supporting Services</u>			Total Expenses 2022
	Agency Allocation Payments	Community Services	Total	Fund- raising	Admini- stration	Total	
Agency allocation payments	\$ 771,905	\$ -	\$ 771,905	\$ -	\$ -	\$ -	\$ 771,905
Dolly Parton Imagination Library	89,177	-	89,177	-	-	-	89,177
Backpack program	-	135,055	135,055	-	-	-	135,055
Emergency winter shelter	-	732,900	732,900	-	-	-	732,900
Less: allocations funded through donor designations	(569,967)	(336,932)	(906,899)	-	-	-	(906,899)
In-kind expense	-	55,072	55,072	990	88,530	89,520	144,592
Salaries and wages	-	80,206	80,206	83,230	88,466	171,696	251,902
Payroll taxes	-	5,872	5,872	6,104	6,660	12,764	18,636
Employee benefits	-	17,756	17,756	12,934	12,623	25,557	43,313
Advertising and promotion	-	35,939	35,939	33,046	7,612	40,658	76,597
Development	-	7	7	7	7	14	21
Professional services	-	77,661	77,661	11,586	27,503	39,089	116,750
Meeting	-	150	150	240	76	316	466
Printing and supplies	-	2,303	2,303	2,293	2,499	4,792	7,095
Postage	-	2,994	2,994	2,395	599	2,994	5,988
Volunteer recognition	-	8,519	8,519	-	108	108	8,627
Travel	-	395	395	278	316	594	989
Dues and subscriptions	-	709	709	887	702	1,589	2,298
Depreciation	-	-	-	-	4,136	4,136	4,136
Insurance	-	2,506	2,506	2,437	2,432	4,869	7,375
Rent and lease	-	8,936	8,936	8,517	8,517	17,034	25,970
Special events	-	-	-	74,877	-	74,877	74,877
United Way of America dues	-	-	-	-	59,043	59,043	59,043
Telephone	-	2,047	2,047	2,039	1,153	3,192	5,239
Utilities	-	1,480	1,480	1,441	1,532	2,973	4,453
Miscellaneous	-	-	-	-	4,481	4,481	4,481
	<u>\$ 291,115</u>	<u>\$ 833,575</u>	<u>\$ 1,124,690</u>	<u>\$ 243,301</u>	<u>\$ 316,995</u>	<u>\$ 560,296</u>	<u>\$ 1,684,986</u>

See Notes to the Financial Statements

MISSOURI SLOPE AREAWIDE UNITED WAY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services			Supporting Services			Total Expenses 2021
	Agency Allocation Payments	Community Services	Total	Fund-raising	Admini-stration	Total	
Agency allocation payments	\$ 790,401	\$ -	\$ 790,401	\$ -	\$ -	\$ -	\$ 790,401
Dolly Parton Imagination Library	94,181	-	94,181	-	-	-	94,181
Backpack program	-	99,458	99,458	-	-	-	99,458
Emergency winter shelter	-	546,580	546,580	-	-	-	546,580
Less: allocations funded through donor designations	(511,246)	(631,171)	(1,142,417)	-	-	-	(1,142,417)
In-kind expense	-	58,771	58,771	9,906	34,084	43,990	102,761
Salaries and wages	-	105,103	105,103	124,350	71,671	196,021	301,124
Payroll taxes	-	8,416	8,416	3,058	17,160	20,218	28,634
Employee benefits	-	37,476	37,476	5,022	16,189	21,211	58,687
Advertising and promotion	-	18,942	18,942	12,192	(4,041)	8,151	27,093
Professional services	-	103,371	103,371	14,220	20,523	34,743	138,114
Meeting	-	100	100	100	50	150	250
Printing and supplies	-	3,877	3,877	3,377	2,479	5,856	9,733
Postage	-	5,269	5,269	4,215	1,054	5,269	10,538
Training	-	70	70	-	-	-	70
Volunteer recognition	-	1,649	1,649	1,033	581	1,614	3,263
Travel	-	286	286	235	28	263	549
Dues and subscriptions	-	438	438	415	415	830	1,268
Depreciation	-	-	-	-	3,550	3,550	3,550
Insurance	-	2,776	2,776	2,333	2,694	5,027	7,803
Rent and lease	-	8,568	8,568	8,316	8,316	16,632	25,200
Special events	-	-	-	22,626	-	22,626	22,626
United Way of America dues	-	-	-	-	31,736	31,736	31,736
Telephone	-	2,560	2,560	2,557	1,289	3,846	6,406
Utilities	-	1,240	1,240	1,204	1,204	2,408	3,648
Miscellaneous	-	-	-	-	14,511	14,511	14,511
	\$ 373,336	\$ 373,779	\$ 747,115	\$ 215,159	\$ 223,493	\$ 438,652	\$ 1,185,767

See Notes to the Financial Statements

MISSOURI SLOPE AREAWIDE UNITED WAY
STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021 (RESTATED)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance - July 1, 2020 as previously reported	\$ 2,539,058	\$ 2,073,138	\$ 4,612,196
Prior period adjustment	<u>-</u>	<u>(288,858)</u>	<u>(288,858)</u>
Balance - July 1, 2020, restated	2,539,058	1,784,280	4,323,338
Change in net assets	<u>(246,772)</u>	<u>1,294,664</u>	<u>1,047,892</u>
Balance - June 30, 2021	2,292,286	3,078,944	5,371,230
Change in net assets	<u>(208,927)</u>	<u>12,242</u>	<u>(196,685)</u>
Balance - June 30, 2022	<u>\$ 2,083,359</u>	<u>\$ 3,091,186</u>	<u>\$ 5,174,545</u>

See Notes to the Financial Statements

MISSOURI SLOPE AREAWIDE UNITED WAY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021 (Restated)
Cash flows from operating activities:		
Cash received from pledges	\$ 2,295,407	\$ 2,508,270
Cash received from investment and miscellaneous income	223,343	(397,628)
Cash paid for expenses	(1,888,215)	(1,227,532)
Cash paid for agency payments	(771,905)	(936,126)
Loss on sale of equipment	-	436
	<u>(141,370)</u>	<u>(52,580)</u>
Cash flows from financing activities:		
Proceeds from contributions restricted for:		
Purchase of investments	301,371	276,765
Investment income restricted for endowment	(9,541)	(7,420)
Return of ineligible PPP loan	-	(125,849)
Payments on debt	(83,950)	-
Payments on capital lease	-	(403)
	<u>207,880</u>	<u>143,093</u>
Cash flows from investing activities:		
Purchase of equipment	-	(4,601)
Purchase of investments	47,699	38,752
	<u>47,699</u>	<u>34,151</u>
Net change in cash and cash equivalents	114,209	124,664
Cash and cash equivalents - beginning of year	<u>3,155,445</u>	<u>3,030,781</u>
Cash and cash equivalents - end of year	<u>\$ 3,269,654</u>	<u>\$ 3,155,445</u>
Cash and cash equivalents consisted of the following at June 30, 2022 and 2021:		
Cash and cash equivalents	\$ 2,287,598	\$ 2,440,292
Cash restricted for endowment	870,255	615,331
Certificates of deposit - designated for reserves	111,801	99,822
	<u>\$ 3,269,654</u>	<u>\$ 3,155,445</u>
Disclosure of non-cash items:		
Contributions in-kind of advertising, supplies and other goods	\$ 144,592	\$ 102,761
Net unrealized increase in fair value of investments	(269,339)	350,054
Note payable from subsidiary	-	73,754
Forgiveness of PPP loan	83,950	83,951

See Notes to the Financial Statements

MISSOURI SLOPE AREAWIDE UNITED WAY
STATEMENTS OF CASH FLOWS - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021 (Restated)</u>
Reconciliation of change in net assets to net		
Cash provided by operating activities:		
Change in net assets	\$ (196,685)	\$ 1,047,892
Adjustments to reconcile change in net assets		
to net cash provided by operating activities:		
Contributions for long-term purposes	(301,371)	(276,765)
Depreciation	4,136	3,550
Increase (decrease) in allowance for doubtful accounts	-	14,000
Unrealized (increase) decrease in market value of investments	273,702	(353,034)
Loss on sale of equipment	-	436
Effects on cash flows due to changes in:		
Pledges receivable	167,373	(270,516)
Other receivables	(68,001)	(69,688)
Prepaid expenses	-	(7,500)
Accounts payable and accrued expenses	(20,524)	4,770
Unpaid agency allocations	-	(145,725)
Deferred revenue	-	-
	<u> </u>	<u> </u>
Net cash provided (used) by operating activities	<u>\$ (141,370)</u>	<u>\$ (52,580)</u>

See Notes to the Financial Statements

MISSOURI SLOPE AREAWIDE UNITED WAY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

The Missouri Slope Areawide United Way, a non-profit organization, is governed and monitored by local citizens with all funds being used in the Bismarck-Mandan, North Dakota area. The Missouri Slope Areawide United Way solicits pledges, collects pledges, and makes payments to selected qualifying beneficiaries.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis and accordingly, reflect all significant receivables, payables and other liabilities.

Cash and Cash Equivalents

Cash includes cash on hand, cash in checking and savings accounts and short-term certificates of deposit with original maturities of three months or less.

Investments

Investments are recorded at fair value as determined by quoted market prices.

Investment in BABS

United Way owns 100% of Building a Better Solution, LLC (BABS). BABS is one of two partners in a limited partnership where both partners have an equal 1% general partner ownership and the remaining partnership is owned by the same partners with a limited partnership ownership.

Investment – ND Community Foundation Endowment

The Organization has invested funds in the North Dakota Community Foundation. The net income from the endowment fund shall be subject to the variance clause as contained in the By-Laws of the Foundation. The Board of Directors of the Foundation shall have the power to modify any restrictions or conditions on the distribution of funds for any specified charitable purposes or to specified organizations if in the sole judgment of the Board of Directors (without the necessity of the approval of any participating trustee, custodian or agent), such restrictions or conditions become, in effect, unnecessary, incapable of a fulfillment or inconsistent with the charitable needs of the community or area served. The disbursement of the net income from the endowment fund shall be subject to the variance clause as contained in the By-Laws of the Foundation.

MISSOURI SLOPE AREAWIDE UNITED WAY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022 AND 2021

Pledges Receivable

Pledges receivable are carried at original pledge amount less an estimate made for doubtful receivables based on a periodic review of all outstanding amounts. Management adjusts the allowance for doubtful accounts annually based on a review of pledges receivable. Pledges receivable are written off against the allowance when it is determined by the organization that payment will not be received. A pledge receivable is considered past due if any portion of the receivable balance is outstanding after completion of the campaign year.

Pledges receivable includes outstanding pledges from the 2022, 2021, and 2020 fund drives. An allowance for uncollectible pledges of \$98,000 has been established as of June 30, 2022 and 2021, respectively. The total amount of pledges receivable is due within one year.

Property and Equipment

The Organization capitalizes property and equipment purchased with a cost greater than \$500 and a useful life greater than one year.

Property and equipment is recorded at cost or, if donated, at the estimated fair market value upon receipt. Depreciation of property and equipment is provided over a five to seven year estimated useful life of the respective assets on a straight-line basis. Depreciation expense includes amortization of equipment capitalized under a capital lease.

Expenditures for major additions and improvements that extend the useful lives of property and equipment are capitalized. Routine expenditures for repairs and maintenance are charged to expenses as incurred.

Accrued Compensated Absences

The Organization's annual leave is earned based on length of eligible service worked by employees, with a maximum carryover of 120 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.

Net Assets

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America, (GAAP), as codified by the Financial Accounting Standards Board.

Financial statement presentation follows the recommendations of the Accounting Standards Codification Topic 958, *Accounting for Not-for-Profit Entities*. The codification requires the Organization to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

MISSOURI SLOPE AREAWIDE UNITED WAY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022 AND 2021

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Support With and Without Donor Restrictions

Contributions received are recorded as support with donor restrictions or support without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Earnings on endowments are classified as net assets with donor restrictions until designated by the Board and spent by the Organization.

Grant Revenue Recognition

The Organization received various grant awards. Grant revenue is not recognized until qualified grant expenses are incurred. If grant funds are received in advance of expenditure, deferred revenue is recorded to reflect the amount of money received but not yet expended.

Contributed Services

A substantial number of unpaid volunteers have made significant contributions of their time and service to assist in the fund raising and committee work of the organization. The value of this contributed time is not reflected in these statements since it does not meet the requirements for revenue recognition.

Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

MISSOURI SLOPE AREAWIDE UNITED WAY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022 AND 2021

In-Kind Gifts

The Organization recognizes revenue for certain donated services and materials received at the fair value of those services and materials. During the years ended June 30, 2022 and 2021, contributed services and materials totaled \$144,992 and \$102,761, respectively, and were used primarily in program activities.

Income Taxes

The Organization is a not-for-profit corporation and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the U.S. Internal Revenue Code. Therefore, the Organization is not subject to income tax.

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.

Advertising

The Organization expenses all advertising costs as they are incurred.

Functional Expenses

Expenses which are specifically identified to a particular program are charged directly to that program. Other expenses, such as rent, postage, insurance and other common expenses are allocated to each function or program based on a reasonable allocation of resources used by each program. Administrative staff salaries and related expenses are allocated to each function or program based on the actual time spent on each activity.

Fair Value Measurements

The Organization follows Accounting Standards Codification Topic 820, *Fair Value Measurements*. This standard applies to all assets and liabilities that are being measured and reported on a fair value basis. It defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosure about fair value measurements.

When fair value measurements are required, various data is used in determining those values. This statement requires that assets and liabilities that are carried at fair value must be classified and disclosed in the following levels based on the nature of the data used.

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

MISSOURI SLOPE AREAWIDE UNITED WAY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022 AND 2021

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use unobservable inputs.

The following is a description of the valuation methodology used for assets and liabilities measured at fair value:

Investments

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

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.

NOTE 2 CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federal insured limits as guaranteed by the Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses in such accounts nor does the Organization believe it is exposed to any significant credit risk on cash accounts.

Pledges receivable consist primarily of pledges made from citizens and businesses in and around the Bismarck and Mandan, North Dakota area.

NOTE 3 NOTES PAYABLE

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) which established the Paycheck Protection Program (the "Program"). The Program was created to assist small businesses in paying their employees and certain other expenses during the COVID-19 crisis. The Organization applied for a loan under this Program and received a loan from Dakota Community Bank & Trust in the amount of \$209,800 on April 17, 2020. The Organization determined they did not qualify for \$125,849 of this loan and returned this portion of the loan in July 2020. The remaining loan of \$83,951 was forgiven during the year ended June 30, 2021, and has been recorded as income.

MISSOURI SLOPE AREAWIDE UNITED WAY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022 AND 2021

On January 13, 2021, the Second Draw Paycheck Protection Program opened. Under the Second Draw Program, certain eligible borrowers that previously received a First Draw PPP Loan can apply for a Second Draw PPP Loan with the same general loan terms. The Organization applied for a loan under this Second Draw Program and received a loan from Dakota Community Bank & Trust, N.A. in the amount of \$83,950 on March 17, 2021. The entire loan was forgiven during the year ended June 30, 2022, and has been recorded as income.

NOTE 4 LEASES

Operating Lease

The Organization leases its telephone system under an operating lease commencing January 1, 2021 and ending June 30, 2025. The Organization also holds two operating leases for copiers that end in July and August of 2025.

The Organization signed a lease beginning January 1, 2021 for the homeless shelter noted at a rate of \$7,500 per month. The lease will continue until December 31, 2027.

Future minimum rental payments required under operating leases that have an initial or remaining noncancelable lease term in excess of one year are as follows:

Year ending June 30:	
2023	\$ 97,396
2024	97,396
2025	97,396
2026	92,059
2026	90,000

MISSOURI SLOPE AREAWIDE UNITED WAY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022 AND 2021

NOTE 5 FINANCIAL ASSETS AVAILABLE FOR GENERAL USE

The Organization monitors its liquidity so that it can meet its operating needs and other contractual commitments. The following table reflects the Organization's financial assets as of June 30, 2022 and 2021, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations.

	<u>2022</u>	<u>2021 (Restated)</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 2,287,598	\$ 2,440,292
Pledges receivable	400,449	567,822
Cash restricted for endowment	870,255	615,331
Cash restricted for BABS, LLC	342,392	346,755
Certificates of deposit - designated for reserves	111,801	99,822
Investments - ND Community Foundation Endowment	1,548,560	1,856,059
Total financial assets	<u>5,561,055</u>	<u>5,926,081</u>
Less amounts unavailable for		
general expenditures within one year:		
Contractual or donor imposed restrictions:		
Endowment corpus in perpetuity	1,884,085	1,607,320
Restricted by donor for a specific time or purpose	<u>1,207,101</u>	<u>1,471,624</u>
Total financial assets unavailable for		
general expenditure	<u>3,091,186</u>	<u>3,078,944</u>
Financial assets available to meet cash needs for		
general expenditure within one year	<u>\$ 2,469,869</u>	<u>\$ 2,847,137</u>

NOTE 6 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 June 30, 2008. The Organization had determined that the majority of the Organization's net assets with donor restrictions meet the definition of endowment funds under UPMIFA.

MISSOURI SLOPE AREAWIDE UNITED WAY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022 AND 2021

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 net assets with donor restrictions (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 is classified as net assets with donor restrictions 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.

The Board of Directors has designated \$45,000 of net assets without donor restrictions as a general endowment as of June 30, 2022 and 2021. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

Investment Return Objectives

The Organization has deposited their endowment funds with the North Dakota Community Foundation, who is 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.

Endowments consist of investments at the North Dakota Community Foundation, cash and pledges receivable.

MISSOURI SLOPE AREAWIDE UNITED WAY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022 AND 2021

As of June 30, 2022 and 2021, the Organization had the following endowment net asset composition by type of fund:

	<u>2022</u>	<u>2021</u>
Board-designated endowment funds	\$ 45,000	\$ 45,000
Donor-restricted endowment funds:		
Original donor-restricted gift amount and amount required to be retained in perpetuity	2,146,874	1,884,085
Accumulated investment gains (losses)	<u>233,439</u>	<u>550,989</u>
Total endowments	<u>\$ 2,425,313</u>	<u>\$ 2,480,074</u>

Changes in endowment net assets for the year ended June 30, 2022 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		<u>Total Net Endowment Funds</u>
		<u>Restricted By Time or Purpose</u>	<u>Restricted in Perpetuity</u>	
Endowment net assets, beginning of year	\$ 45,000	\$ 550,989	\$ 1,884,085	\$ 2,480,074
Investment return, net	-	27,113	-	27,113
Contributions	-	-	301,370	301,370
Net appreciation (depreciation)	-	(269,490)	-	(269,490)
Investment expense	-	(17,572)	-	(17,572)
Distributions	-	(57,601)	(38,581)	(96,182)
Endowment net assets, end of year	<u>\$ 45,000</u>	<u>\$ 233,439</u>	<u>\$ 2,146,874</u>	<u>\$ 2,425,313</u>

Changes in endowment net assets for the year ended June 30, 2021 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		<u>Total Net Endowment Funds</u>
		<u>Restricted By Time or Purpose</u>	<u>Restricted in Perpetuity</u>	
Endowment net assets, beginning of year	\$ 45,000	\$ 242,269	\$ 1,607,320	\$ 1,894,589
Investment return, net	-	24,893	-	24,893
Contributions	-	-	276,765	276,765
Net appreciation (depreciation)	-	350,054	-	350,054
Investment expense	-	(17,473)	-	(17,473)
Distributions	-	(48,754)	-	(48,754)
Endowment net assets, end of year	<u>\$ 45,000</u>	<u>\$ 550,989</u>	<u>\$ 1,884,085</u>	<u>\$ 2,480,074</u>

MISSOURI SLOPE AREAWIDE UNITED WAY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022 AND 2021

Endowments are allocated on the statement of financial position as of June 30, 2022 and 2021 as follows.

	<u>2022</u>	<u>2021</u>
North Dakota Community Foundation	\$ 1,548,560	\$ 1,856,057
Pledges Receivable	6,498	8,686
Restricted cash	870,255	615,331
	<u>\$ 2,425,313</u>	<u>\$ 2,480,074</u>

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Net assets with donor restrictions for:		
Endowment	\$ 2,185,457	\$ 1,884,085
Endowment fund unexpended earnings	233,590	550,988
Funds to be used for backpack program	91,637	105,369
Funds to be used for emergency winter shelter	-	138,502
Funds to be used for emergency winter shelter construction	580,501	400,000
	<u>\$ 3,091,186</u>	<u>\$ 3,078,944</u>

NOTE 8 DESIGNATED NET ASSETS

The following details amounts designated by the board of directors as of June 30, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Designated for:		
North Dakota Community Foundation investments	\$ 45,000	\$ 45,000
Contingency and emergencies	270,157	270,157
Summer Feeding Program	9,751	9,751
Emergency winter shelter	100,000	100,000
Shelter operations	200,000	-
Shelter construction	150,000	-
Partner collaborations	89,699	-
	<u>\$ 864,607</u>	<u>\$ 424,908</u>

NOTE 9 ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES

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.

MISSOURI SLOPE AREAWIDE UNITED WAY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022 AND 2021

NOTE 10 RETIREMENT PLAN

The Organization has a 403(b) plan for its eligible employees. Under the plan, the Organization has a discretionary contribution. For the years ended June 30, 2022 and 2021, the board approved a discretionary 4% contribution. Contributions to the plan for the years ended June 30, 2022 and 2021 totaled \$10,473 and \$9,109 respectively.

NOTE 11 PRIOR PERIOD ADJUSTMENT

The Organization has recorded a prior period adjustment to its June 30, 2021 financial statements to properly account for pledges receivable that are donor restricted. The effect of this adjustment decreased net assets with donor restrictions by \$288,858.

NOTE 12 COMMITMENTS

The Organization signed a work order for administration of software for the period July 1, 2022 through June 30, 2023. The contract will automatically renew for a term of 12 months unless written notification is received. The Organization is committed to paying a \$10,000 set up fee and \$1,000 per month for servicing.

NOTE 13 NEW ACCOUNTING PRONOUNCEMENTS

ASU 2016-02, Leases (Topic 842)

During 2016, the FASB issued guidance to change the accounting for leases. The main provision of this ASU 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 Organization for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022.

ASU 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*

This ASU addresses presentation and disclosure requirements for not-for-profit entities for contributed nonfinancial assets. The ASU is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022.

Management has not yet determined what the 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 Organizations financial statements.

MISSOURI SLOPE AREAWIDE UNITED WAY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022 AND 2021

NOTE 14 SUBSEQUENT EVENTS

On May 10, 2023, the organization received the Emergency Shelter Grant – Covid money for a request place in March 2022 for the amount of \$101,848 from the State of North Dakota.

In 2023 there was a pledge of \$500,000 made for the capital project fund. \$100,000 of this pledge was received on March 30, 2023.

Except as disclosed above, no other significant events occurred subsequent to the Organization's year end. Subsequent events have been evaluated through May 31, 2023, which is the date these financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

MISSOURI SLOPE AREAWIDE UNITED WAY
SCHEDULE OF PARTICIPATING AGENCY PAYMENTS AND ALLOCATIONS
FOR THE YEAR ENDED JUNE 30, 2022

	January - June Year 2022 Allocation Payments	July - December Year 2022 Allocation Payments	Calendar Year 2022 Budgeted Allocations
Abused Adult Resource Center	\$ 42,500	\$ 42,500	\$ 85,000
Aid, Inc.	180	-	180
American Red Cross	3,250	3,250	6,500
Bismarck Public Schools - BECEP	22,000	22,000	44,000
Burleigh County Senior Adults Program	14,000	14,000	28,000
Central Regional Education Association	5,250	5,250	10,500
Child's Hope Learning Center	10,000	10,000	20,000
Community Cupboard of Underwood	4,000	4,000	8,000
Crisis Care Chaplaincy	2,000	2,000	4,000
Dacotah Foundation	13,500	13,500	27,000
Dakota Children's Advocacy Center	30,000	30,000	60,000
Family Wellness	5,250	5,200	10,500
Girl Scouts - Dakota Horizons	15,070	15,000	30,070
Great Plains Food Bank	16,270	12,500	28,770
McLean Family Resource Center	1,300	1,300	2,600
Ministry on the Margins	12,000	12,000	24,000
Missouri Valley Family YMCA	50,125	50,125	100,250
Morton County Council on Aging	17,000	17,000	34,000
Neighbors Network	47,750	47,750	95,500
Northern Lights Council Boy Scouts	20,320	20,000	40,320
Rebuilding Together	200	-	200
Salvation Army - Mercer County	675	334	675
Solen Good Heart Community Center	100	-	100
Souris Valley United Way	720	-	720
The Banquet	12,500	12,500	25,000
TR 4 Heart and Soul	5,000	5,000	10,000
Welcome House	7,500	7,500	15,000
Youthworks	39,000	39,000	78,000
	<u>\$ 397,460</u>	<u>\$ 391,709</u>	<u>\$ 788,885</u>

MISSOURI SLOPE AREAWIDE UNITED WAY
SCHEDULE OF EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

