

**Capital Area
United Way, Inc.**

Financial Report
December 31, 2015

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Independent Auditor's Report

To the Board of Directors
Capital Area United Way, Inc.
Pierre, South Dakota

We have audited the accompanying financial statements of Capital Area United Way, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets - modified cash basis as of December 31, 2015 and 2014, and the related statements of revenues and expenses and changes in net assets - modified cash basis 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Capital Area United Way, Inc. as of December 31, 2015 and 2014, and its revenues and expenses and changes in net assets for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on pages 7 and 8 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 the modified cash basis of accounting. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Clausen & Rice, LLP

Pierre, South Dakota
November 29, 2016

CAPITAL AREA UNITED WAY, INC.

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
December 31, 2015 and 2014

Assets	2015	2014
Cash	\$ 248,435	\$ 171,482
Property & equipment, net of accumulated depreciation	3,440	3,848
Endowment Fund	16,402	16,479
Total assets	\$ 268,277	\$ 191,809
Liabilities and Net Assets		
Liabilities	\$ -	\$ -
Net Assets		
Unrestricted	248,450	172,624
Temporarily restricted	3,425	2,706
Permanently restricted	16,402	16,479
Total net assets	268,277	191,809
Total liabilities and net assets	\$ 268,277	\$ 191,809

See Notes to Financial Statements.

CAPITAL AREA UNITED WAY, INC.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS
 Years Ended December 31, 2015 and 2014

	2015	2014
Changes in unrestricted net assets:		
Support from campaign contributions	\$ 600,019	\$ 519,953
Dancing with the Stars	680	1,869
Girls on the Run	-	1,600
Interest income	148	126
Net assets released from restrictions	2,706	2,719
Total unrestricted revenues	603,553	526,267
Expenses		
Program services	466,315	467,240
Supporting services		
Management and general	35,012	40,466
Fund-raising	26,401	28,142
Total expenses	527,728	535,848
Increase (decrease) in unrestricted net assets	75,825	(9,581)
Changes in temporarily restricted net assets:		
Contributions for designated agencies	3,425	2,706
Net assets released from restrictions	(2,706)	(2,719)
Increase (decrease) in temporarily restricted net assets	719	(13)
Changes in permanently restricted net assets:		
Net appreciation and dividends on endowment funds	(76)	1,318
Increase (decrease) in permanently restricted net assets	(76)	1,318
Increase (decrease) in net assets	76,468	(8,276)
Net assets, at beginning of year	191,809	200,085
Net assets at end of year	\$ 268,277	\$ 191,809

See Notes to Financial Statements.

CAPITAL AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: Capital Area United Way, Inc. is a nonprofit corporation organized under the laws of the State of South Dakota for the purpose of receiving and distributing charitable donations to local agencies.

A summary of the organization's significant accounting policies is as follows:

The organization's policy is to prepare its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis, revenues are recognized when collected rather than when earned and expenditures are generally recognized when paid rather than when incurred. Consequently, accounts receivable, accounts payable and accrued expenses are not included in the financial statements. Under this modified cash basis of accounting, if an expenditure results in the acquisition of an asset having an estimated useful life which extends substantially beyond one year of acquisition, the expenditure is capitalized and depreciated over the estimated useful life of the asset. The accompanying financial statements are not intended to present financial position, results of operations or cash flows in conformity with accounting principles generally accepted in the United States of America.

The organization classifies its net assets, its revenue and expenses, and gains and losses based on the existence or absence of donor-imposed restrictions. The amounts for each of the three classes of net assets (permanently restricted, temporarily restricted, and unrestricted) and the amounts of change in each of the three classes of net assets are displayed in the organization's financial statements.

Recognition of donor restricted contributions: The organization reports contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Endowments: The Organization has a permanent endowment fund that was created in 1998. This endowment is held and administered by the Oahe Foundation. The principal of this endowment is subject to restrictions and is therefore classified as a permanently restricted net asset. For the years ended December 31, 2015 and December 31, 2014, respectfully, the fund generated dividends and unrealized gains (losses) of (\$76) and \$1,318. The total net assets of the endowment are \$16,402 as of December 31, 2015.

Use of estimates: The preparation of financial statements 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.

Income Tax Status: The organization is a not-for-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

Accounting standards prescribe a recognition threshold of more likely than not, and a measurement attribute for all tax positions taken or expected to be taken on a tax return, in order for those tax positions to be recognized in the financial statements. At December 31, 2015, the organization believes that there are no uncertain tax positions or liabilities, or interest and penalties associated with uncertain tax positions. If the organization had interest and penalties related to uncertain tax positions, it would be accounted for as a component of income tax expense.

As of December 31, 2015, the organization is no longer subject to examinations for returns filed with the Internal Revenue Service for the years ended prior to December 31, 2012.

CAPITAL AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies (continued)

Property and Equipment: Property and Equipment is stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets.

Functional Expenses: Expenses are charged directly to program, management & general, or fundraising categories based on specific identification.

Subsequent events: The organization has evaluated subsequent events through November 29, 2016, which is the date of the financial statements were available to be issued.

Note 2. Donated services and materials

The organization receives donated services from volunteers. These donated services constitute a significant factor in the operation of the organization. However, due to their nature and lack of objective means of evaluation, are not recorded as contributions.

The organization may receive donated materials from donors. Materials donated for the organization to use in its program are recorded as contributions and as inventory in the year received at fair market value. A cost of material used is recorded when sold or used.

Note 3. Property and equipment

Property and equipment is stated at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. A summary of the property and equipment account is as follows:

	2015	2014
Property and equipment	\$ 24,626	\$ 23,659
Less: Accumulated depreciation	(21,186)	(19,811)
Property and equipment, net	<u>\$ 3,440</u>	<u>\$ 3,848</u>

Expenditures for maintenance and repairs are charged against operations when incurred. Depreciation expense related to property and equipment amounted to \$1,375 and \$1,455 for the years ended December 31, 2015 and December 31, 2014 respectively.

Note 4. Retirement Plan

The organization contributes to a qualified SIMPLE IRA plan for the benefit of its full time employees. The plan allows employees to make elective contributions with required matching contributions by the Organization of dollar for dollar up to 3% of the employee's salary. Employer contributions were \$0 for 2015 and \$238 for 2014.

Note 5. Risks and contingencies

Cash is comprised of cash on deposit and money market accounts, all held at one financial institution. As of December 31, 2015 and 2014, the amount in excess of the FDIC limit was \$0 for both years.

Note 6. Lease

The organization leases its office space under an agreement in the amount of \$360 per month. Rent expense paid for the years ended December 31, 2015 and 2014 was \$4,320 and \$4,320, respectively.

CAPITAL AREA UNITED WAY, INC.

SCHEDULE OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS

For the Year Ended December 31, 2015

	Total Program Services	Mgmt and General	Fund Raising	Total
Salaries	\$ 17,327	\$ 15,161	\$ 10,829	\$ 43,317
Payroll taxes	1,327	1,161	830	3,318
Total salaries and related expense	18,654	16,322	11,659	46,635
Campaign allocations	400,000	-	-	400,000
Youth Booster fund	14,000	-	-	14,000
Imagination library	8,029	-	-	8,029
School Mini-Grants	4,303	-	-	4,303
Campaign materials	-	-	7,339	7,339
Girls on the Run	13,797	-	-	13,797
United Way national dues	-	-	4,310	4,310
Rent	1,080	3,240	-	4,320
Professional fees	-	-	-	-
Donor designation	2,706	-	-	2,706
Meetings & travel	-	6,462	-	6,462
Depreciation	-	1,375	-	1,375
Telephone	133	532	665	1,330
Insurance	-	1,785	-	1,785
Dancing with the Stars expenses	-	-	1,029	1,029
Supplies	504	670	502	1,676
Postage	179	718	897	1,794
Other	-	370	-	370
Utilities	430	1,290	-	1,720
Retirement	-	-	-	-
Equipment maintenance	-	1,433	-	1,433
Delta Dental Bus Sponsorship	2,500	-	-	2,500
Dues & subscriptions	-	455	-	455
Bank fees	-	360	-	360
Total expenses	\$ 466,315	\$ 35,012	\$ 26,401	\$ 527,728

See Notes to Financial Statements.

CAPITAL AREA UNITED WAY, INC.

SCHEDULE OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
For the Year Ended December 31, 2014

	Total Program Services	Mgmt and General	Fund Raising	Total
Salaries	\$ 21,084	\$ 18,449	\$ 13,178	\$ 52,711
Payroll taxes	1,630	1,426	1,018	4,074
Total salaries and related expense	22,714	19,875	14,196	56,785
Campaign allocations	400,599	-	-	400,599
Youth Booster fund	14,000	-	-	14,000
Imagination library	6,721	-	-	6,721
School Mini-Grants	5,121	-	-	5,121
Campaign materials	-	-	4,896	4,896
Girls on the Run	11,576	-	-	11,576
United Way national dues	-	-	5,013	5,013
Rent	1,080	3,240	-	4,320
Professional fees	-	4,076	-	4,076
Donor designation	2,719	-	-	2,719
Meetings & travel	-	4,402	-	4,402
Depreciation	-	1,455	-	1,455
Telephone	197	788	986	1,971
Insurance	-	1,782	-	1,782
Dancing with the Stars expenses	-	-	1,926	1,926
Supplies	493	657	492	1,642
Postage	115	458	573	1,146
Other	-	317	-	317
Utilities	308	925	-	1,233
Retirement	95	83	60	238
Equipment maintenance	-	1,390	-	1,390
Delta Dental Bus Sponsorship	1,502	-	-	1,502
Dues & subscriptions	-	498	-	498
Bank fees	-	520	-	520
Total expenses	\$ 467,240	\$ 40,466	\$ 28,142	\$ 535,848

See Notes to Financial Statements.