

***NORTH DAKOTA
LEAGUE OF CITIES***

INDEPENDENT ACCOUNTANT'S
REVIEW REPORT

December 31, 2019

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
North Dakota League of Cities
Bismarck, North Dakota

We have reviewed the accompanying financial statements of the North Dakota League of Cities (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes of the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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; 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Emphasis of Matters

As discussed in Note 1 to the financial statements, the organization has not presented consolidated financial statements for the year ended December 31, 2019, as is required by accounting principles generally accepted in the United States of America for organizations with a common control interest. The North Dakota League of Cities and Municipal Government Academy of North Dakota operate under the same board of directors. Consolidation is required due to this common control over the two non-profit organizations.

As discussed in Note 1 to the financial statements, North Dakota League of Cities adopted FASB ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) and FASB ASU 2018-08, *Contributions Received and Contributions Made* (Topic 958) and North Dakota League of Cities has adjusted the presentation of the statements accordingly. Our conclusion is not changed with respect to this matter.

Haga Kommer, Ltd.

Haga Kommer, Ltd.
Mandan, North Dakota
April 30, 2020

NORTH DAKOTA LEAGUE OF CITIES

Statement of Financial Position

December 31, 2019

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$ 250,806
Accounts Receivable	16,862
Certificates of Deposit	559,000
Prepaid Expenses	18,540
Inventories	13,879
Total Current Assets	<u>859,087</u>

PROPERTY & EQUIPMENT:

Office Equipment	47,612
Less: Accumulated Depreciation	(26,165)
Net Property & Equipment	<u>21,447</u>

TOTAL ASSETS \$ 880,534

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts Payable	\$ 5,778
Accrued Liabilities	1,170
Income Tax Payable	263
Deferred Revenue	225,430
Capital Lease Payable - Current	3,383
Accrued Leave Payable	34,137
Total Current Liabilities	<u>270,161</u>

NONCURRENT LIABILITIES

Capital Lease Payable - Noncurrent	<u>12,886</u>
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TOTAL LIABILITIES 283,047

NET ASSETS

Without Donor Restrictions	<u>597,487</u>
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TOTAL LIABILITIES AND NET ASSETS \$ 880,534

NORTH DAKOTA LEAGUE OF CITIES

Statement of Activities

For the year ended December 31, 2019

Support and Revenue:	
Contributions	\$ 37,247
Dues	387,817
Advertising	81,865
Sales	8,938
Convention	184,138
Investment Income	12,483
Other Income	46,553
GrantFinder Subscription	<u>3,350</u>
TOTAL SUPPORT AND REVENUE	762,391
Expenses:	
General & Administration	152,392
Membership	127,342
Marketing	99,756
Programs	<u>293,610</u>
TOTAL EXPENSES	<u>673,100</u>
TOTAL SUPPORT AND REVENUE OVER (UNDER) EXPENSES	89,291
Other Financing Sources (Uses):	
Gain/(Loss) on Fixed Assets	<u>(2,121)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,121)</u>
CHANGE IN NET ASSETS	87,170
NET ASSETS - BEGINNING OF YEAR	<u>510,317</u>
NET ASSETS - END OF YEAR	<u><u>\$ 597,487</u></u>

NORTH DAKOTA LEAGUE OF CITIES

Statement of Functional Expenses

For the year ended December 31, 2019

	General & Admin	Membership	Marketing	Programs	Total
Training Program	\$ -	\$ -	\$ -	\$ 16,185	\$ 16,185
Convention	-	-	-	79,182	79,182
City Scan	-	-	-	54,508	54,508
Other Publications	-	-	-	24,782	24,782
Drug Testing	-	-	-	10,233	10,233
Miscellaneous Program	-	-	-	1,110	1,110
Salaries	68,173	68,173	68,173	68,173	272,692
Payroll Taxes & Benefits	16,087	16,087	16,087	16,087	64,348
Staff Expense & Travel	5,392	5,392	-	-	10,784
Executive Board Expense	17,016	-	-	-	17,016
Professional Development	3,139	-	-	-	3,139
Supplies	801	3,202	2,002	2,002	8,007
Contractors/Interns	-	-	-	7,158	7,158
Promotions	-	-	1,851	-	1,851
Telephone	2,946	8,839	-	-	11,785
Postage	252	1,008	630	630	2,520
Professional Fees	2,318	1,159	1,159	1,159	5,795
Interest Expense	536	-	-	-	536
Depreciation	8,160	-	-	-	8,160
Equipment Leases	3,114	1,557	1,557	1,557	7,785
Dues & Subscriptions	3,694	11,081	-	-	14,775
Contributions	-	-	2,325	-	2,325
Insurance	1,161	-	-	-	1,161
Unrelated Business Income Tax	4,131	-	-	-	4,131
Rent	11,945	5,972	5,972	5,972	29,861
Policy/Legislative Work	-	4,872	-	4,872	9,744
Miscellaneous	3,527	-	-	-	3,527
	<u>\$ 152,392</u>	<u>\$ 127,342</u>	<u>\$ 99,756</u>	<u>\$ 293,610</u>	<u>\$ 673,100</u>

NORTH DAKOTA LEAGUE OF CITIES

Statement of Cash Flows

For the year ended December 31, 2019

Cash flows from operating activities	
Change in Net Assets	\$ 87,170
Adjustments to reconcile net change in unrestricted net assets to net cash provided by operating activities:	
Depreciation and amortization	8,160
(Gain)/Loss on Fixed Assets	2,121
(Increase) decrease in accounts receivables	(11,585)
(Increase) decrease in prepaid expenses	(4,465)
(Increase) decrease in inventories	959
Increase (decrease) in accounts payable	(7,169)
Increase (decrease) in accrued liabilities	(170)
Increase (decrease) in accrued leave payable	4,864
Increase (decrease) in deferred revenue	(722)
Increase (decrease) in income tax payable	(2,980)
Total adjustments	(10,987)
Net cash provided (used) by operating activities	76,183
Cash flow from investing activities:	
Purchase of fixed assets	(22,940)
Purchase of certificates of deposit	(60,000)
Net cash provided (used) by investing activities	(82,940)
Cash flow from financing activities:	
Issuance of capital lease	18,725
Payments on capital lease	(3,306)
Net cash provided (used) by financing activities	15,419
Net increase (decrease) in cash and equivalents	8,662
Cash and equivalents, beginning of year	242,144
Cash and equivalents, end of year	\$ 250,806
Supplemental disclosures of cash flow information:	
Cash paid during the year for:	
Interest	\$ 536
Income tax - UBIT & ND State Tax	\$ 4,408