

UNITED WAY OF WYANDOTTE COUNTY, INC.

FINANCIAL STATEMENTS

**Year Ended June 30, 2018
with
Independent Auditors' Report**

UNITED WAY OF WYANDOTTE COUNTY, INC.

FINANCIAL STATEMENTS

June 30, 2018

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Keller & Owens, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
United Way of Wyandotte County, Inc.

We have audited the accompanying financial statements of **United Way of Wyandotte County, Inc.** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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 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 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 auditors consider 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.

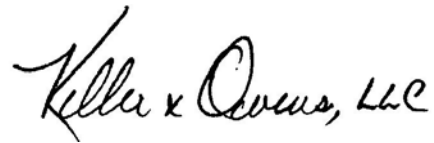
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **United Way of Wyandotte County, Inc.**, as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited **United Way of Wyandotte County, Inc.**'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 5, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Kella x Owens, LLC". The signature is written in a cursive, flowing style.

Overland Park, Kansas
October 17, 2018

UNITED WAY OF WYANDOTTE COUNTY, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2018

(With comparative totals as of June 30, 2017)

ASSETS

	2018	2017
Cash and Cash Equivalents	\$ 279,201	\$ 169,838
Pledges Receivable, net	772,625	738,262
Grants and Other Receivables	63,917	134,547
Prepaid Expenses and Other	13,675	18,884
Interest in Assets Held by Others	711,778	668,772
Capital Assets:		
Land	45,255	45,255
Building and improvements	382,811	382,811
Furniture, fixtures and equipment	144,328	132,764
	572,394	560,830
Less accumulated depreciation	(310,946)	(302,964)
Total Capital Assets	261,448	257,866
Total Assets	\$ 2,102,644	\$ 1,988,169

LIABILITIES AND NET ASSETS

Liabilities:		
Donor designations payable	\$ 61,652	\$ 78,741
Accounts payable	37,525	89,124
Accrued expenses	64,858	60,358
Deferred revenue	73,302	1,620
Total Liabilities	237,337	229,843
Net Assets:		
Unrestricted	1,043,687	957,703
Temporarily restricted	782,103	761,106
Permanently restricted	39,517	39,517
Total Net Assets	1,865,307	1,758,326
Total Liabilities and Net Assets	\$ 2,102,644	\$ 1,988,169

See accompanying notes

UNITED WAY OF WYANDOTTE COUNTY, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2018

(With comparative totals for the year ended June 30, 2017)

	2018			Total	2017 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Revenue and Support:					
Gross campaign results	\$ 25,344	\$ 1,907,706	\$ -	\$ 1,933,050	\$ 2,198,806
Less donor designations	(5,893)	(394,789)	-	(400,682)	(373,377)
Less provision for uncollectible	33,856	(113,600)	-	(79,744)	(130,160)
Net Campaign Results	<u>53,307</u>	<u>1,399,317</u>	-	<u>1,452,624</u>	<u>1,695,269</u>
Designations from other United Ways	31,561	-	-	31,561	16,178
Grants and contracts	-	935,902	-	935,902	864,177
Gifts in-kind	408	39,942	-	40,350	35,963
Special events	60,494	886	-	61,380	74,734
Service fees	52,597	-	-	52,597	35,291
Other contributions	104,872	51,708	-	156,580	188,879
Investment income	16,214	-	-	16,214	14,438
Net realized and unrealized gains	33,003	-	-	33,003	52,829
Miscellaneous income	1,340	3,004	-	4,344	28,184
Interest income	549	-	-	549	329
	<u>354,345</u>	<u>2,430,759</u>	-	<u>2,785,104</u>	<u>3,006,271</u>
Net assets released from restrictions	<u>2,409,762</u>	<u>(2,409,762)</u>	-	<u>-</u>	<u>-</u>
Total Revenue and Support	2,764,107	20,997	-	2,785,104	3,006,271
Expenses:					
Program Services:					
Gross funds awarded/distributed	1,646,077	-	-	1,646,077	1,682,527
Less donor designations	(390,414)	-	-	(390,414)	(355,954)
Net Funds Awarded/Distributed	<u>1,255,663</u>	-	-	<u>1,255,663</u>	<u>1,326,573</u>
Other program services	1,042,546	-	-	1,042,546	1,044,022
Total Program Services	<u>2,298,209</u>	-	-	<u>2,298,209</u>	<u>2,370,595</u>
Supporting Services:					
Fundraising	256,882	-	-	256,882	261,064
Management and general	91,588	-	-	91,588	82,909
United Way Worldwide dues	31,444	-	-	31,444	27,911
Total Supporting Services	<u>379,914</u>	-	-	<u>379,914</u>	<u>371,884</u>
Total Expenses	<u>2,678,123</u>	-	-	<u>2,678,123</u>	<u>2,742,479</u>
Change in Net Assets	85,984	20,997	-	106,981	263,792
Net Assets, Beginning of Year	<u>957,703</u>	<u>761,106</u>	<u>39,517</u>	<u>1,758,326</u>	<u>1,494,534</u>
Net Assets, End of Year	<u>\$ 1,043,687</u>	<u>\$ 782,103</u>	<u>\$ 39,517</u>	<u>\$ 1,865,307</u>	<u>\$ 1,758,326</u>

See accompanying notes

UNITED WAY OF WYANDOTTE COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES Year Ended June 30, 2018

(With comparative totals for the year ended June 30, 2017)

	2018								2017 Total
	Program Services			Supporting Services				Total	
	Fund Distribution	Other Program Services	Total Program Services	Fundraising	Management and General	United Way Worldwide Dues	Total Support Services		
Allocations/Payments to Agencies	\$ 1,315,193	\$ 330,884	\$ 1,646,077	\$ -	\$ -	\$ -	\$ -	\$ 1,646,077	\$ 1,682,527
Less Donor Designations	(390,414)	-	(390,414)	-	-	-	-	(390,414)	(355,954)
Subtotal	924,779	330,884	1,255,663	-	-	-	-	1,255,663	1,326,573
Assistance to Individuals	-	2,050	2,050	-	-	-	-	2,050	1,779
Salaries	69,111	486,818	555,929	125,616	44,044	-	169,660	725,589	750,564
Retirement Plan Contributions	1,949	17,916	19,865	4,569	2,440	-	7,009	26,874	27,936
Other Employee Benefits	3,252	59,933	63,185	18,470	2,870	-	21,340	84,525	80,863
Payroll Taxes	7,055	47,407	54,462	11,880	4,007	-	15,887	70,349	80,008
Accounting Fees	-	-	-	-	19,100	-	19,100	19,100	18,050
Contract Services	6,550	3,705	10,255	1,288	1,235	-	2,523	12,778	10,962
Advertising and Promotion	2	54	56	3,961	1	-	3,962	4,018	920
Office Expenses	5,040	24,654	29,694	16,201	638	-	16,839	46,533	57,809
IT Services	11,237	30,202	41,439	26,025	1,025	-	27,050	68,489	40,675
Occupancy	5,104	87,058	92,162	10,164	2,410	-	12,574	104,736	90,677
Travel	262	1,150	1,412	494	61	-	555	1,967	2,126
Board/Staff Development	924	18,253	19,177	29,301	4,702	-	34,003	53,180	67,546
Depreciation	2,080	18,418	20,498	4,142	982	-	5,124	25,622	17,077
Insurance	513	9,719	10,232	1,022	2,247	-	3,269	13,501	13,043
Other Direct Program Expenses	5	109,965	109,970	28	3	-	31	110,001	103,605
Membership Dues	308	4,148	4,456	1,431	394	-	1,825	6,281	4,956
Recruitment	150	417	567	648	-	-	648	1,215	300
Service Charges	616	6,521	7,137	1,642	5,429	-	7,071	14,208	19,099
Subtotal	114,158	928,388	1,042,546	256,882	91,588	-	348,470	1,391,016	1,387,995
United Way Worldwide Dues	-	-	-	-	-	31,444	31,444	31,444	27,911
Total Expenses	<u>\$ 1,038,937</u>	<u>\$ 1,259,272</u>	<u>\$ 2,298,209</u>	<u>\$ 256,882</u>	<u>\$ 91,588</u>	<u>\$ 31,444</u>	<u>\$ 379,914</u>	<u>\$ 2,678,123</u>	<u>\$ 2,742,479</u>

See accompanying notes

UNITED WAY OF WYANDOTTE COUNTY, INC.

STATEMENT OF CASH FLOWS Year Ended June 30, 2018

(With comparative totals for the year ended June 30, 2017)

	2018	2017
Cash Flows from Operating Activities:		
Cash received from donors and others	\$ 1,812,416	\$ 2,019,113
Cash received from grant funds	1,006,735	940,461
Interest received	549	329
Cash paid to vendors and others	(677,289)	(792,835)
Cash paid to agencies	(1,272,752)	(1,354,262)
Cash paid to employees	(721,089)	(755,198)
Net Cash Provided by Operating Activities	148,570	57,608
Cash Flows from Investing Activities:		
Purchases of capital assets	(29,204)	(8,646)
Purchases of interest in assets held by others	(10,003)	(8,616)
Net Cash Used by Investing Activities	(39,207)	(17,262)
Increase in Cash and Cash Equivalents	109,363	40,346
Cash and Cash Equivalents, Beginning of Year	169,838	129,492
Cash and Cash Equivalents, End of Year	\$ 279,201	\$ 169,838
Reconciliation of Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Change in net assets	\$ 106,981	\$ 263,792
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	25,622	17,077
Net realized and unrealized gains	(33,003)	(52,829)
(Increase) decrease in:		
Pledges receivable	(34,363)	20,808
Grants and other receivables	70,630	76,284
Prepaid expenses and other	5,209	(11,220)
Increase (decrease) in:		
Donor designations payable	(17,089)	(27,689)
Accounts payable	(51,599)	(169,313)
Accrued expenses	4,500	(4,634)
Deferred revenue	71,682	(54,668)
Net Cash Provided by Operating Activities	\$ 148,570	\$ 57,608

See accompanying notes

UNITED WAY OF WYANDOTTE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – United Way of Wyandotte County, Inc. (the “Organization”) is incorporated as a not-for-profit organization under the laws of the State of Kansas. Operating since 1921, its mission is to increase the Wyandotte County community’s understanding of human needs and to mobilize the resources to meet those needs. The mission is carried out by a Board of Directors made up of approximately 30 to 40 community volunteers.

The Organization works with individuals and organizations throughout Wyandotte County to create impact. Impact is created through funding local human service programs with great outcomes, leading federal grants like YouthBuild, and partnering with the Kansas City, Kansas Public Schools to improve Early Childhood Education through Successful Partnerships Assuring Readiness for Kindergarten (“SPARK”). The Organization continues to change as the community changes. In this ethnically diverse community, the Organization works, through funding, leadership development and program development, to engage people throughout the community to invest time and money in Wyandotte County.

Through the Allocations process, the Board of Directors and over 50 Allocation Committee volunteers prioritize funding programs that produce outcomes and have a positive impact on the community. In 2013, the Organization and its partner agencies crafted a community plan for 2014-2017, which will guide funding decisions with the overall goal to strengthen our community.

Services and Activities Descriptions – The following program services and supporting activities are included in the accompanying financial statements, in accordance with the Organization’s Mission Statement (above):

Fund Distribution – Includes expenditures for three-year grants made within the three focus areas of United Way’s Community Impact Plan: Meeting Basic Needs, Nurturing Children and Families, and Promoting Health and Quality of Life. United Way also determines funding and provides oversight for other fund distribution programs that support emergency assistance needs including the Utility Assistance Fund, BPU Hardship Assistance Program, and the Emergency Food and Shelter Program.

Other Program Services – These expenditures relate to United Way’s programs and initiatives not funded through the traditional allocation process with the majority of these programs’ funds coming from state and federal grant dollars. These programs fulfill community needs not being addressed by other agencies in the community and include the Volunteer Center, RSVP Program, SPARK and YouthBuild.

UNITED WAY OF WYANDOTTE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Services and Activities Descriptions (continued) –

Fundraising – Provides the structure necessary to encourage and secure financial support from individuals, organizations and corporations.

Management and General – Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Organization’s program strategy; secure proper administrative functioning of the Board of Directors; and manage the financial and budgetary responsibilities of the Organization.

Basis of Accounting - The Organization prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958-210, which requires the Organization to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets - include unrestricted resources, which represent the portion of funds that are available for the operating objectives of the Organization. Board-designated net assets represent amounts the Organization has set aside for a specific purpose.

Temporarily restricted net assets - consist of donor-restricted contributions. Amounts restricted by donors for a specific purpose are deemed to be earned and reported as temporarily restricted revenue, when received, and such unexpended amounts are reported as temporarily restricted net assets at year-end. When the donor restriction expires, that is, when a stipulated time 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.”

Permanently restricted net assets – consist of donor-restricted contributions, which are required to be held in perpetuity. Income from the assets held is available for either general operations or specific purposes, in accordance with donor stipulations.

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Organization considers those highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

UNITED WAY OF WYANDOTTE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets – Capital assets are depreciated and are stated at cost. Expenditures for major renewals and betterments exceeding \$1,000 that extend the useful life of assets are capitalized. Depreciation is charged to operations using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Furniture, fixtures and equipment	3 to 10 years
Building	40 years
Building improvements	10 years

Depreciation amounted to \$25,622 and \$17,077 for the years ended June 30, 2018 and 2017, respectively.

Comparative Financial Information – The financial statements include certain prior year summarized information in total, but not by net asset category. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2017 from which the summarized information is derived.

Concentrations of Credit Risk - The Organization maintains its cash in bank accounts in amounts that may exceed federally insured limits at times. The Organization has not experienced any losses in these accounts in the past, and management believes the Organization is not exposed to significant credit risks as they periodically evaluate the strength of the financial institutions in which it deposits funds.

Donated Services – A substantial number of volunteers have donated significant amounts of time to the Organization’s program services and to fundraising campaigns. These services are not recorded in the financial statements since they do not meet the criteria in FASB ASC 958-605.

Donor Designations Payable – Contributions that are donor designated for specific participating agencies or communities are considered amounts raised on behalf of others and are not considered income to the Organization.

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 certain reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

UNITED WAY OF WYANDOTTE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Expense Allocation – Expenses have been classified as program services and support services (fundraising, management and general, and United Way Worldwide dues) based on the actual direct expenditures and estimates of time spent by the Organization’s personnel and other relevant criteria.

Gifts-In-Kind – In addition to receiving cash contributions, the Organization received in-kind contributions of materials, supplies, services, rent and utilities of \$70,401 and \$71,572 during the years ended June 30, 2018 and 2017, respectively. Some in-kind transactions are not recognized in the financial statements since they do not meet the criteria in FASB ASC 958-605. It is the Organization’s policy to record the estimated fair value of certain in-kind contributions as an expense in its financial statements, and similarly increase revenue by a like amount. The total of the in-kind contributions recorded in the Organization’s statement of activities for the years ended June 30, 2018 and 2017 amounted to \$40,350 and \$35,963, respectively, summarized as follows:

	<u>2018</u>	<u>2017</u>
Donated services	\$ 57	\$ -
Donated use of facilities	39,885	35,963
Donated goods and materials	<u>408</u>	<u>-</u>
Total Gifts-In-Kind	<u>\$ 40,350</u>	<u>\$ 35,963</u>

Grants and Other Receivables – The Organization receives grants from several federal, state, and local governmental agencies to provide certain services to senior citizens, to provide funds or emergency energy assistance to area residents and to provide funds for other human services. These receivables are stated at their net realizable value as deemed by management.

Income Taxes - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state law, and contributions to the Organization are tax deductible within the limitations prescribed by the Code. The Organization has been classified as a publicly supported organization, which is not a private foundation under Section 509(a) of the Code. Among other things, the Organization is exempt from income (except on unrelated business income), FUTA, and state and local real estate taxes.

In accordance with FASB ASC 740, the Organization’s policy is to record a liability for any tax position that is beneficial to the Organization, including any related interest and penalties, when it is more likely than not the position taken by management with respect to the transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of June 30, 2018 and 2017, and accordingly, no liability has been accrued.

UNITED WAY OF WYANDOTTE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest in Assets Held by Others – The investment of a beneficial interest in a community foundation is reported in the statement of financial position at its net asset value as a practical expedient for measuring fair value. Unrealized gains and losses are included in the change in net assets.

Pledges Receivable – Unconditional promises to give are recognized as support in the period the promises are received. Conditional promises to give, which depend upon specified future and certain events are recognized as support when the conditions upon which they depend are substantially met.

Unconditional promises to give expected to be collected within one year are reported at their net realizable value. Those expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized using the level yield method and is reported as contribution revenue. Management provides for estimated uncollectible accounts through a charge to the statement of activities and a credit to a valuation allowance based on its assessment of the current status of individual accounts.

The valuation allowance is also based on a 5-year historical average, applied to gross campaign support revenue, including donor designations. As of June 30, 2018 and 2017, the allowance for uncollectible pledges was \$203,138 and \$245,182, respectively.

Subsequent Events – Management has evaluated events and transactions that have occurred since June 30, 2018 and reflected their effects, if any, in these financial statements through October 17, 2018, the date the financial statements were available to be issued.

2. PLEDGES RECEIVABLE

Pledges receivable consisted of the following unconditional promises to give at June 30:

	<u>2018</u>	<u>2017</u>
Gross campaign pledges receivable		
due in less than one year	\$ 975,763	\$ 983,444
Less: Allowance for uncollectible campaign		
pledges receivable	<u>(203,138)</u>	<u>(245,182)</u>
Net Pledges Receivable	<u>\$ 772,625</u>	<u>\$ 738,262</u>

UNITED WAY OF WYANDOTTE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

3. GRANTS AND OTHER RECEIVABLES

Grants and other receivables consisted of the following at June 30:

	<u>2018</u>	<u>2017</u>
CNCS RSVP grant	\$ -	\$ 3,206
USD 500 SPARK grant	-	79,421
Designations from other United Ways	28,335	16,779
Dept. of Labor – YouthBuild grant	14,001	32,019
AmeriCorps – YouthBuild grant	4,743	871
Miscellaneous	<u>16,838</u>	<u>2,251</u>
Total Grants and Other Receivables	<u>\$ 63,917</u>	<u>\$ 134,547</u>

4. FAIR VALUE MEASUREMENTS

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three-tier hierarchy of inputs is summarized in the three broad levels below:

- Level 1 - inputs are unadjusted quoted market prices in active independent markets for identical assets and liabilities;
- Level 2 - inputs are directly or indirectly observable estimates from quotes for similar but not identical assets and liabilities, market trades for identical assets not actively traded or other external independent means;
- Level 3 - inputs are unobservable and reflect assumptions on the part of the reporting entity.

The Organization's policy is to recognize transfers between Level 1 and Level 2, into, and out of Level 3 at the end of the reporting period. For the years ended June 30, 2018 and 2017, there were no transfers between Level 1 and Level 2, or into and out of Level 3.

UNITED WAY OF WYANDOTTE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

4. FAIR VALUE MEASUREMENTS (continued)

The following table sets forth information about the levels within the fair value hierarchy at which the Organization's financial assets and liabilities are measured on a recurring basis at June 30:

	<u>2018</u>	<u>2017</u>
Interest in Assets Held by Others:		
Level 1	\$ -	\$ -
Level 2	711,778	668,772
Level 3	<u>-</u>	<u>-</u>
Total	<u>\$ 711,778</u>	<u>\$ 668,772</u>

The following is a description of the valuation methodology used for fair value measurements. There have been no changes in the methodology used at June 30, 2018 or 2017.

Interest in assets held by others – Net asset value provided by the community foundation, taking into account the Organization's proportionate net asset share in investment pools. The value of the pools is derived from the fair value of investments within those pools, which are valued using a combination of various methodologies depending upon the type of investment within the pool. See Note 5 for a description of the nature, characteristics, and risk of the various classes of investments within each pool. As allowed by FASB ASC 820-10-35-54B, the entire interest is classified within Level 2 of the fair value hierarchy as the Organization has the ability to immediately redeem its investment in the beneficial interest in assets held by others in the near term, as any requests for withdrawals could only take up to fourteen days to process.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

UNITED WAY OF WYANDOTTE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

5. INTEREST IN ASSETS HELD BY OTHERS

The beneficial interest in a community foundation consists of the following at June 30:

	2018	2017
Money Market Pool	\$ 1,260	\$ 1,166
Short-Term Fixed Income Pool	140,804	131,456
Intermediate-Term Fixed Income Pool	142,501	132,917
Equity Pool	427,213	403,233
Total Interest in Assets Held by Others	\$ 711,778	\$ 668,772

Investment return for the years ended June 30 are summarized as follows:

Interest and dividends	\$ 16,214	\$ 14,438
Realized gains	12,504	7,591
Unrealized gains (losses)	20,499	45,238
Fees and expenses	(6,211)	(5,822)
Total Investment Return	\$ 43,006	\$ 61,445

Fees and expenses are reflected in service charges on the statement of functional expenses.

Below is a description of the nature, characteristics, and risk of the various classes of the investments indicated above:

Money Market Pool – The purpose of the Money Market Pool is to provide liquidity for participating charitable funds and organizations in funding grant making and payment of fees and administrative costs while providing desired principal stability. The long-term investment objective of the Money Market Pool is to seek a competitive market return to preserve and grow the portfolio, provide cash flows to meet charitable needs now and those in the future. The performance objective of the Money Market Pool is to meet or exceed the performance of the 90-Day Treasury Bill, a truly “liquid” money market benchmark. As such, the Money Market Pool is highly liquid, which enables donors to access funds for grants in a timely manner. The Money Market Pool invests primarily in bank deposits and high-quality institutional money market funds. The money market fund’s holdings include U.S. dollar denominated money market securities of domestic and foreign issuers rated in the highest category by at least two nationally recognized rating services, U.S. Government securities, and repurchase agreements.

UNITED WAY OF WYANDOTTE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

5. INTEREST IN ASSETS HELD BY OTHERS (continued)

Short-Term Fixed Income Pool – The purpose of the Short-Term Fixed Income Pool is to provide capital preservation and current income to help meet spending requirements of donor portfolios. The Short-Term Fixed Income Pool will utilize a passive, cost effective approach with a secondary objective to provide broad exposure to U.S. income markets. The Short-Term Fixed Income Pool is diversified across U.S. Treasury notes and bonds, corporate bonds, bank loans, mortgage-backed securities and U.S. Treasury Inflation-Protected Securities. The Short-Term Fixed Income Pool will have a lower average effective duration than broad fixed income market benchmarks such as the Barclays U.S. Aggregate Bond Index, hence limiting overall interest rate risk.

Intermediate-Term Fixed Income Pool – The purpose of the Intermediate-Term Fixed Income Pool is to provide capital preservation and current income to help meet spending requirements of donor portfolios. The Intermediate-Term Fixed Income Pool will utilize a passive, cost effective approach with a secondary objective to provide broad exposure to U.S. income markets. The Intermediate-Term Fixed Income Pool is diversified across U.S. Treasury notes and bonds, corporate bonds, bank loans, mortgage-backed securities and U.S. Treasury Inflation-Protected Securities. The average effective duration and interest rate risk of the Intermediate-Term Fixed Income Pool will be commensurate with broad fixed income benchmarks such as the Barclays U.S. Aggregate Bond Index.

Equity Pool – The long-term investment objective of the Equity Pool is to obtain broad equity market exposure utilizing a passive, cost effective approach that is diversified across market capitalizations and regions. A secondary objective is to provide cash flows to fund distributions and to preserve the purchasing power of the funds to meet charitable needs now and in the future.

If the Organization were to redeem its beneficial interest in the community foundation, the community foundation would liquidate the pooled funds at the nearest month-end, wait a few days to ensure all earnings from the pools have been applied and credited, and disburse the entirety of the funds shortly thereafter.

UNITED WAY OF WYANDOTTE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

6. ENDOWMENT

The Organization's interest in assets held by others is considered to be an endowment. This endowment consists of a Board-designated endowment and permanently restricted endowment, which is collectively invested at the Greater Kansas Community Foundation ("GKCCF") known as the United Way of Wyandotte County Endowment Fund ("the Fund"). The Organization retains a beneficial interest in these assets. The Fund was established in October 1992 in conjunction with a bequest from a donor's estate in accordance with a Declaration of Trust (the "Trust") in 2005. The Fund includes the following key provisions:

- The purpose of the Fund is to provide a long-term means to further support and enhance the mission of the Organization as set forth in its bylaws.
- The Finance Committee provides oversight and governance of the Fund.
- The Trust contributed \$30,000 in December 2005 and an additional \$9,517 in August 2006 as a permanently restricted investment for the Fund.
- The Trust states that the bequest shall be added to the corpus of United Way's Endowment Fund and that interest only distributions can be made from the corpus for community initiatives in Wyandotte County, Kansas.

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") 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 stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) subsequent gifts to the endowment, and (3) 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 that is not classified in permanently restricted net assets is classified as Board-designated net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of the Organization and the donor-restricted endowment funds.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Organization.
- The investment policies of the Organization.

UNITED WAY OF WYANDOTTE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

6. ENDOWMENT (continued)

See tables below and notes 8 and 10 regarding the permanently restricted and Board-designated balances of the endowment as of June 30, 2018 and 2017. Changes in the Organization's endowment net assets for the years ended June 30 are as follows:

	2018		
	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 629,255	\$ 39,517	\$ 668,772
Investment return:			
Interest and dividends, net of fees	10,003	-	10,003
Net realized and unrealized gains	33,003	-	33,003
Total investment return	43,006	-	43,006
Endowment net assets, end of year	\$ 672,261	\$ 39,517	\$ 711,778
	2017		
	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 567,810	\$ 39,517	\$ 607,327
Investment return:			
Interest and dividends, net of fees	8,616	-	8,616
Net realized and unrealized gains	52,829	-	52,829
Total investment return	61,445	-	61,445
Endowment net assets, end of year	\$ 629,255	\$ 39,517	\$ 668,772

UNITED WAY OF WYANDOTTE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

6. ENDOWMENT (continued)

Return Objectives and Risk Parameters – The Organization has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while ensuring that the purchasing power of the endowment assets do not decline over time.

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).

Spending Policy and How the Investment Objectives Relate to Spending Policy – The Organization’s spending policy is established based on the Fund and Trust agreements which specifies the payouts of interest and principal. Effective January 1, 2008, the Fund agreement was amended to allow a 5% annual distribution from the Fund to the Organization based on the past year-end fund balance. This percentage amount is reviewed at least annually by the Organization and may be adjusted annually as determined by the Oversight Committee. Distributions may consist of both principal and interest.

Appropriation of Endowment Assets for Next Fiscal Year – The Organization has not appropriated any of its endowment assets.

7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at June 30:

	<u>2018</u>	<u>2017</u>
<u>Time Restrictions</u>		
Campaign pledges	\$ 716,321	\$ 661,997
<u>Purpose Restrictions</u>		
SPARK Grant	31,727	41,293
Multi-Cultural Festival	9,564	9,564
Back to School Festival	15,186	16,624
Invest Health Initiative	7,208	31,488
Other	<u>2,097</u>	<u>140</u>
Total Temporarily Restricted Net Assets	<u>\$ 782,103</u>	<u>\$ 761,106</u>

UNITED WAY OF WYANDOTTE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

8. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of the following at June 30:

	2018	2017
United Way of Wyandotte County Endowment Fund	\$ 39,517	\$ 39,517

9. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes, by occurrence of other events specified by donors or the passage of time.

Campaign pledges	\$ 1,344,993	\$ 1,465,806
Grants	998,563	957,511
Back to School Festival	17,024	30,499
Invest Health Initiative	24,280	21,017
Capacity building support	24,902	-
Total Net Assets Released from Restriction	\$ 2,409,762	\$ 2,474,833

10. BOARD-DESIGNATED NET ASSETS

Board-designated net assets consist of the following at June 30:

Planned giving fund	\$ 15,616	\$ 15,616
United Way of Wyandotte County Endowment Fund	672,261	629,255
Total Board-designated Net Assets	\$ 687,877	\$ 644,871

11. DEFINED CONTRIBUTION PLAN

The Organization sponsors a 401(k) plan. Substantially all employees are eligible for this plan. The Organization provides a base contribution equal to 3% of employees' salary annually for eligible employees working as of December 31 and matches up to 2% of the employees' contributions to the 401(k) plan. Contributions made by the Organization to this plan totaled \$26,874 and \$27,936 for the years ended June 30, 2018 and 2017, respectively.

UNITED WAY OF WYANDOTTE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

12. CONCENTRATIONS

As of June 30, 2018 and 2017, approximately 67% and 60% of the outstanding contributions receivable were due from two organizations and their employees, respectively. These two organizations are located in Wyandotte County, Kansas.

13. BENEFICIAL INTEREST IN DONOR ADVISED FUNDS

On April 29, 2013, a donor established the The Charles J. Berkel and Antoinette D. Berkel Donor Advised Fund (“Fund”) at the Catholic Foundation of Northeast Kansas (“CFNEK”). The establishing document called for CFNEK to distribute annual net income from the Fund to the Organization. Further, the establishing document called for CFNEK to distribute principal from the Fund over the course of twenty years.

The establishing document grants CFNEK variance power to modify a restriction or condition on the distribution of funds for any specific charitable purposes or to specified charitable organizations. As a result, the Organization has not recorded the principal of the Fund and only records contribution revenue upon the receipt of distributions from the Fund. The Organization received annual distributions from the Fund in the amount of \$105,580 and \$130,511 during the years ended June 30, 2018 and 2017, respectively.

14. OVERHEAD RATE CALCULATION

The Organization is committed to compliance with all United Way Worldwide (UWW) membership criteria and has implemented the *Functional Expenses and Overhead Reporting Standards for United Ways* and *UWW Cost Deduction Requirement (Requirement M)*.

Overhead Rate Calculation – The Organization uses the UWW standardized overhead rate calculation method for determining the overall administrative costs of the Organization. This calculation is intended to show the cost for administration and fundraising as a percentage compared to total revenues. The standard uses information from Part 1 of IRS Form 990. The 2018 calculation is projected since at the time of this report the 2017 IRS Form 990 had not been prepared.

UNITED WAY OF WYANDOTTE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

14. OVERHEAD RATE CALCULATION (continued)

The Organization's overhead rate for the years ended June 30, 2018 and 2017 were 12.0% and 10.4%, respectively. The average overhead rate for all United Ways according to results from the most recent (2008/09) UWW Income and Expense Survey is 17.1%.

	Part IX, Line 25, Column C Total M&G Expense +	
Numerator:	Part IX, Line 25, Column D Total <u>Fundraising Expense</u>	X 100%
Denominator:	Part 1, Line 12 Total Revenue	

Cost Deduction Rate – The Organization uses UWW's Requirement M calculation method to determine the maximum allowed cost deduction rate used for processing campaign pledges and designations. The Board reviews the calculation annually and approves a rate based on the average of the previous 3 years. The calculation method uses information from Part 1 of IRS Form 990. The Board approved cost deduction rates for the years ended June 30, 2018 and 2017 were 16.5% and 18.4%, respectively.

Fundraising Costs

	Part IX, Line 25, Column D Total <u>Fundraising Expense</u>	
Numerator:	Part VIII, Line 11f Direct Contributions (less any grants for which related costs are recorded in Program Services)	X 100%
Denominator:		

Management and General (M&G) Costs

	Part IX, Line 25, Column C Total <u>M&G Expense</u>	
Numerator:	Part 1, Line 12 Total Revenue	X 100%
Denominator:		

Cost Deduction Rate = Fundraising Rate + M&G Rate

UNITED WAY OF WYANDOTTE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

15. RECENT ACCOUNTING PRONOUNCEMENTS

ASU 2016-14, Not-for-Profit Entities

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*, to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's (NFP's) liquidity, financial performance, and cash flows.

The amendments in this ASU are to be applied retrospectively, and are effective for annual financial statements issued for fiscal years beginning after December 15, 2017, with early adoption permitted.

ASU 2014-09, Revenue from Contracts with Customers

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The standard permits the use of either the retrospective or cumulative effect transition method.

In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606)*, which deferred the effective date of the new revenue recognition standard for one year. The new standard is effective for fiscal years beginning after December 15, 2018. Early application is permitted.

ASU 2018-08, Not-for-Profit Entities

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU are to be applied on a modified prospective basis. Retrospective application is permitted. For transactions in which the entity serves as the resource recipient, the amendments should be applied for fiscal years beginning after December 15, 2018. For transactions in which the entity serves as the resource provider, the amendments should be applied for fiscal years beginning after December 15, 2019. Early adoption is permitted.

UNITED WAY OF WYANDOTTE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

15. RECENT ACCOUNTING PRONOUNCEMENTS (continued)

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The amendments in this ASU are to be applied using a modified retrospective approach. The amendments are effective for annual financial statements issued for fiscal years beginning after December 15, 2019, with early adoption permitted.

The Organization is evaluating the effect that these standards will have on its financial statements and related disclosures.

16. CONDITIONAL PROMISE TO GIVE

In September 2017, the Organization received a \$200,000 promise to give restricted for the purpose of capacity building support. The Organization deemed this foundation grant to be conditioned upon meeting various donor stipulations and due to there being a right of return clause within the grant agreement. Therefore, contribution revenue is recorded when grant funds are spent. At June 30, 2018, the amount the Organization has collected from the grantor but not yet spent is \$73,198, and the amount yet to collect from the grantor is \$101,900. Thus, the total conditional promise to give is \$175,098.

17. SUBSEQUENT EVENTS

In July 2018, the Organization received a new Communities Aligned in Early Development and Education (“CAEDE”) grant for the grant period July 2018 to June 2019, with total funding in the amount of \$109,009.

In August 2018, the Organization received a renewal of the SPARK Early Childhood Block Grant for the grant period July 2018 to June 2019, with total funding in the amount of \$465,447.

In August 2018, the Organization received a renewal of the YouthBuild USA AmeriCorps grant for the grant period July 2018 to June 2019, with total funding in the amount of \$36,750.