

United Way of Greater Topeka, Inc.

**Financial Statements
June 30, 2020**

**United Way of Greater Topeka, Inc.
Topeka, Kansas**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Greater Topeka, Inc.

We have audited the accompanying financial statements of United Way of Greater Topeka, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2020, 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.

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 financial position of the Organization as of June 30, 2020, 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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 23 – 24 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.

Report on Summarized Comparative Prior Period Financial Statements

The 2019 financial statements were audited by other auditors whose report dated December 17, 2019, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

James Gordon & Associates CPA, P.A.

James Gordon & Associates CPA, P.A.
Manhattan, Kansas
November 20, 2020



United Way of Greater Topeka, Inc.
Topeka, Kansas
Statement of Financial Position
June 30, 2020
(with Summarized Financial Information for June 30, 2019)

ASSETS

	2020	2019
Current Assets		
Cash and cash equivalents	\$ 857,376	\$ 536,224
Certificate of deposits	144,144	152,239
Pledges receivable:		
2019-2020 campaign, less allowance of \$148,170	869,914	-
2018-2019 campaign, less allowance of \$134,508	-	1,037,281
Grants receivable	438,075	362,136
Other receivables	101,641	19,180
Prepaid expenses	20,460	21,038
Total Current Assets	2,431,610	2,128,098
Property and Equipment		
Furniture and equipment, net of accumulated depreciation of \$191,536 and \$370,873, respectively	2,253	5,715
Total Property and Equipment	2,253	5,715
Other Assets		
Long-term investments	1,585,693	1,549,758
Total Assets	\$ 4,019,556	\$ 3,683,571

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts and grants payable	\$ 766,495	\$ 506,195
Accrued expenses	85,563	75,427
Due to participating agencies and other communities	217,527	179,964
Deferred revenue	192,739	-
Note payable	160,000	-
Total Current Liabilities	1,422,324	761,586
Total Liabilities	1,422,324	761,586
Net Assets		
Without donor restrictions	2,014,625	2,370,991
With donor restrictions	582,607	550,994
Total Net Assets	2,597,232	2,921,985
Total Liabilities and Net Assets	\$ 4,019,556	\$ 3,683,571

The accompanying notes are an integral part of these financial statements.

United Way of Greater Topeka, Inc.
Topeka, Kansas
Statement of Activities
For the Year Ended June 30, 2020
(with Summarized Financial Information for June 30, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and Revenue				
Campaign applicable to current year:				
Contributions	\$ 2,418,982	\$ 1,740	\$ 2,420,722	\$ 2,530,831
Less: donor designations - United Way campaign	(341,081)	-	(341,081)	(295,718)
Less: allowance for uncollectible pledges	(168,913)	-	(168,913)	(179,414)
Net campaign applicable to current year	1,908,988	1,740	1,910,728	2,055,699
Private and public grants	2,981,047	-	2,981,047	3,000,841
Special grants and contributions	41,028	69,243	110,271	102,082
Net investment income (loss)	40,855	(12,315)	28,540	102,163
Memorial and trust income	20	-	20	225
In-kind contributions	45,541	-	45,541	25,723
Net assets released from restrictions	27,055	(27,055)	-	-
Total Support and Revenue	5,044,534	31,613	5,076,147	5,286,733
Expenses				
Community impact	1,194,904	-	1,194,904	1,245,752
Program services	3,430,353	-	3,430,353	3,585,521
Management and general	549,059	-	549,059	538,463
Resource development	226,584	-	226,584	265,705
Total Expenses	5,400,900	-	5,400,900	5,635,441
Change in Net Assets	(356,366)	31,613	(324,753)	(348,708)
Net Assets, Beginning of Year	2,370,991	550,994	2,921,985	3,270,693
Net Assets, End of Year	\$ 2,014,625	\$ 582,607	\$ 2,597,232	\$ 2,921,985

The accompanying notes are an integral part of these financial statements.

United Way of Greater Topeka, Inc.
Topeka, Kansas
Statement of Functional Expenses
For the Year Ended June 30, 2020
(with Summarized Financial Information for June 30, 2019)

Expenses	2020				2019 Total
	Program Expense	Support Services		Total	
		Management and General	Resource Development		
Salaries	\$ 213,578	\$ 333,513	\$ 146,452	\$ 693,543	\$ 748,088
Payroll taxes	16,229	24,405	11,401	52,035	57,506
Employee benefits and retirement	22,308	34,345	11,907	68,560	82,601
Office rent	20,784	30,415	12,166	63,365	112,357
External printing	589	470	11,727	12,786	11,917
Public relations	27,440	18,418	297	46,155	33,757
Campaign ambassador	-	-	2,038	2,038	2,518
Professional fees	457	20,471	681	21,609	22,921
Insurance	3,070	4,493	1,797	9,360	9,143
Technology expenses	29,995	41,603	5,542	77,140	76,340
Office supplies	4,654	6,284	4,397	15,335	20,251
Telephone	2,385	3,490	1,396	7,271	8,919
Postage and shipping	1,770	2,452	2,592	6,814	5,963
Local transportation	1,974	279	976	3,229	6,431
Conferences and travel	534	1,025	995	2,554	20,164
Meetings	6,464	878	582	7,924	10,448
Subscriptions and reference publications	11	86	3	100	144
Local dues	143	630	1,572	2,345	234
Volunteer recognition	333	45	-	378	807
National dues	14,145	20,700	8,280	43,125	46,118
Junior Leader Reader	5,940	-	-	5,940	3,700
Born Learning Trail	-	-	-	-	3,720
Dolly Parton Library	308	-	-	308	45,871
Day of Caring	22,398	-	-	22,398	17,047
Topeka Volunteers	465	-	-	465	-
COVID-19 Relief Fund	29,090	-	-	29,090	-
Grants	2,985,941	-	-	2,985,941	3,002,407
Christmas Bureau	5,011	-	-	5,011	13,616
	1,918	-	-	1,918	3,829
	10,000	-	-	10,000	8,000
	47	-	-	47	285
	-	-	344	344	549
	66	96	38	200	387
	-	3,462	-	3,462	2,341
	2,306	1,499	1,401	5,206	11,310
	<u>\$ 3,430,353</u>	<u>\$ 549,059</u>	<u>\$ 226,584</u>	<u>\$ 4,205,996</u>	<u>\$ 4,389,689</u>

The accompanying notes are an integral part of these financial statements.

United Way of Greater Topeka, Inc.
Topeka, Kansas
Statement of Cash Flows
For the Year Ended June 30, 2020
(with Summarized Financial Information for June 30, 2019)

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ (324,753)	\$ (348,708)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	3,462	2,341
Loss on disposal of equipment	-	4,032
Net unrealized and realized gains and losses on investments	(10,766)	(75,255)
Changes in assets and liabilities:		
Pledges receivable for other than long-term purposes	167,367	35,443
Grants receivable	(75,939)	(71,778)
Other receivables	(82,461)	(8,416)
Prepaid expenses	578	6,491
Accounts payable	260,300	95,418
Accrued expenses	10,136	8,340
Due to participating agencies and other communities	37,563	(53,574)
Deferred revenue	192,739	(4,481)
	178,226	(410,147)
Net Cash Provided by (Used in) Operating Activities		
Cash Flows from Investing Activities		
Purchases of long-term investments	(26,637)	(21,571)
Change in certificates of deposit	8,095	92,048
Proceeds from sale of long-term investments	-	678,000
Purchases of furniture and equipment	-	(4,478)
	(18,542)	743,999
Net Cash Provided by (Used in) Investing Activities		
Cash Flows from Financing Activities		
Proceeds from PPP loan	160,000	-
Proceeds from contributions restricted for long-term purposes	1,468	5,773
	161,468	5,773
	321,152	339,625
	536,224	196,599
	\$ 857,376	\$ 536,224

The accompanying notes are an integral part of these financial statements.

**United Way of Greater Topeka, Inc.
Topeka, Kansas**

**Notes to the Financial Statements
June 30, 2020**

Note 1 – Summary of Significant Accounting Policies

A. Nature of Activities

United Way of Greater Topeka (the Organization) creates and cultivates an unbreakable network of support for a strong, healthy and equitable community. The Organization works to solve issues no single donor, charity or government agency can handle alone. By focusing on education, financial stability and health, the Organization helps more children graduate and get stable jobs as adults, helps families become financially stable, and improves the overall health of the community. The Organization supports basic needs assistance to help those in crisis move toward long-term stability.

The Organization recognizes that disparities affect our community. Alleviating those disparities is the very core of the impact work supported by contributions to United Way. The Organization's work mandates that it advocate for the racial and social justice of everyone it serves.

The Organization connects individual and workplace donors throughout the community with nonprofits that are committed to long-term change. These investments help ensure that regardless of a person's zip code:

- Children are ready to learn when they start school.
- Children keep up with their peers in grade school, increasing their chances of graduating high school.
- Individuals and families are financially stable and able to save and plan for the future.
- Everyone has access to nutritious and affordable food and opportunities to be active and healthy.

Through impact work, partnerships and collaborations, the Organization makes sure more voices join the discussion about the future of our community. Investment decisions are made by volunteers from the community. As part of a competitive grant process, volunteers meet to review submitted proposals aimed at achieving the community impact goals and addressing basic needs. Proposals showing the greatest ability to meet the goals are awarded grants.

B. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide").

**United Way of Greater Topeka, Inc.
Topeka, Kansas**

**Notes to the Financial Statements
June 30, 2020**

Note 1 – Summary of Significant Accounting Policies (continued)

B. Basis of Accounting (continued)

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restricted ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. Donor 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. When restriction expires, 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 restriction.

In accordance with ASC 958-605, Not-For-Profit Revenue Recognition, contributions designated to specific recipient organizations are reflected as a reduction to campaign contributions and recorded as a liability.

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Cash Equivalents

For purposes of the statements of cash flows, the Organization generally considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

United Way of Greater Topeka, Inc.
Topeka, Kansas

Notes to the Financial Statements
June 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

E. Concentrations of Credit Risk

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in mutual funds. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies supportive of the Organization's mission.

The Organization maintains a significant portion of its total assets in a combination of stocks, bonds, fixed income securities, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market fluctuation, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect investments and the amounts reported in the statement of financial position.

F. Investments

The Organization invests in mutual funds which are reported at fair value. The Organization also invests in pooled funds at the Topeka Community Foundation (the Foundation). The pooled shares at the Foundation are recorded at net asset value (NAV) as described in Note 4. Fair value is 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.

G. Pledges Receivable

Pledges receivable represent legally enforceable pledges which are recorded at their net realizable value in the period made. The allowance for uncollectible pledges estimated at 5.9% and 5.3% for the years ended June 30, 2020 and 2019, respectively, is based on an analysis of historical trends, current levels of campaign revenue, and other factors. Pledges for each campaign year are expected to be collected within one year. Pledges not collected by June 30 of the following year are deemed uncollectible.

United Way of Greater Topeka, Inc.
Topeka, Kansas

Notes to the Financial Statements
June 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

H. Furniture and Equipment

Furniture and equipment are carried at cost. Furniture and equipment with a cost of more than \$1,000 and an estimated useful life of more than one year are capitalized. Donated furniture and equipment are recorded at fair value at the date of donation. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, generally three to five years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in income for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

I. Compensated Absences

The Organization's vacation policy states that full-time employees are entitled to carryover a maximum of 176 hours (22 days). Any amount above that will be forfeited on January 1st of each year.

J. Donated Materials, Facilities, and Services

Donated materials, facilities, and services, such as advertising and professional services, have been recognized at fair value in the financial statements in the amounts of \$31,246 and \$25,723 for the years ended June 30, 2020 and 2019, respectively. The related expenses have been included in other functional expenses.

A substantial number of volunteers have donated significant amounts of their time on the Organization's fund-raising campaign and other activities. No amounts have been reflected in the statements for such services.

K. Income Taxes

The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code, is exempt from federal income taxes pursuant to Section 501(a) of the Code and has been classified as other than a private foundation.

The Organization's policy is to evaluate uncertain tax positions annually. Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements. Forms 990 filed by the Organization are subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of each return. The Organization is no longer subject to tax examinations by tax authorities for Forms 990, Return of Organization Exempt from Income Tax, for fiscal years before 2016.

United Way of Greater Topeka, Inc.
Topeka, Kansas

Notes to the Financial Statements
June 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

L. New Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, to replace a wide range of industry-specific rules with a broad, principles-based framework for recognizing and measuring revenue from contracts with customers. The guidance is codified at FASB ASC 606. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. The Organization has adopted this update in 2020 under the modified retrospective method. Additionally, the Organization applied the practical expedient (i) to account for revenues with similar characteristics as a collective group rather than individually, (ii) to not adjust the transaction price for the effects of significant financing components (if any), and (iii) to not disclose the transaction price allocated to unsatisfied or partially unsatisfied performance obligations as of the end of the reporting period when the performance obligations related to contracts with an expected duration of less than one year. There was no effect on net assets upon the adoption of the ASU.

M. Pending Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, Leases. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. On April 8, 2020 the FASB voted to defer the effective date of ASU 2016-02 by one additional year. The ASU is now effective for the Organization's 2022 fiscal year. Management is currently evaluating the effect on the financial statements.

On June 21, 2018, FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This standard is intended to address questions stemming from ASU 2014-09, Revenue from Contracts with Customers (Topic 606), regarding its implications on grants and contracts of not-for-profit organizations. The ASU is effective for the Organization's 2021 fiscal year. Management is currently evaluating the effect on the financial statements.

N. Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. Certain expenses are allocated based on time and effort.

United Way of Greater Topeka, Inc.
Topeka, Kansas

Notes to the Financial Statements
June 30, 2020

Note 2 – Concentration of Financial Risk

The Organization maintains accounts at various financial institutions. The accounts at each institution are insured up to the Federal Deposit Insurance Corporation (FDIC) limits. The amounts in excess of the FDIC limit totaled \$225,752 between two financial institutions as of June 30, 2020. Accounts at other financial institutions were fully insured by the FDIC.

Note 3 – Investments

Long-term investments held at an investment company, consisted of the following at June 30:

	2020	
	Cost	Fair Value
Mutual funds	\$ 774,333	\$ 969,409
	2019	
	Cost	Fair Value
Mutual funds	\$ 753,274	\$ 922,452

Other long-term investments, which are held in trust at the Foundation in the amount of \$616,284 and \$627,306 at June 30, 2020 and 2019, respectively, are pooled with other funds at the Foundation.

Note 4 – Fair Value Measurement

Financial reporting standards establish a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

United Way of Greater Topeka, Inc.
Topeka, Kansas

Notes to the Financial Statements
June 30, 2020

Note 4 – Fair Value Measurement (continued)

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

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2020 or 2019.

Mutual funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Pooled Funds: The fair value is based on quoted market prices or at estimated fair value as reported by the fund manager. The fair value of the Organization's position is the same as the pool value of the shares as reported by the fund manager. The Foundation invests in various other investments including private equity funds, fixed income, and other alternative investments.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are 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.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

In estimating fair value of the investments measured at NAV, management monitors the Foundation's investment activity by analyzing the Foundation's investment statements. The Foundation's valuation policies and procedures are determined reasonable by management of the Foundation on a quarterly basis. These valuation procedures are to allocate the Foundation's portion of earnings based on its pro rata ownership percentage in the pool. The valuation of earnings in the pool is based on the earnings of the pooled assets, which are tracked to price indices.

The Organization reconciles investment accounts on a quarterly basis. The Organization's Board of Directors monitors the financial reports, which provide detailed information for the Foundation.

There were no transfers of assets or liabilities between levels 1, 2, or 3 of the fair value hierarchy during the years ended June 30, 2020 and 2019. The Organization's policy is to only recognize transfers in and out of the levels at the end of the reporting period; interim changes in the fair value inputs are not recognized.

United Way of Greater Topeka, Inc.
Topeka, Kansas

Notes to the Financial Statements
June 30, 2020

Note 4 – Fair Value Measurement (continued)

The following hierarchy table presents information about the Organization’s assets measured at fair value as of June 30, 2020:

	Fair Value Measurements at Reporting Date			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Blended funds	\$ 662,707	\$ -	\$ -	\$ 662,707
Bond fund	306,702	-	-	306,702
Investments measured at net asset value (a)	-	-	-	616,284
Total assets	\$ 969,409	\$ -	\$ -	\$ 1,585,693

The following hierarchy table presents information about the Organization’s assets measured at fair value as of June 30, 2019:

	Fair Value Measurements at Reporting Date			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Blended funds	\$ 638,359	\$ -	\$ -	\$ 638,359
Bond fund	284,093	-	-	284,093
Investments measured at net asset value (a)	-	-	-	627,306
Total assets	\$ 922,452	\$ -	\$ -	\$ 1,549,758

(a) In accordance with Subtopic 820-10, certain investments that are measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statement of financial position.

This investment's objective is to earn a rate of return, net of all fees, in excess of 80% S & P 500 Index/20% Barclays Capital Aggregate Government/Corporate Bond Index benchmark over rolling five-year and ten-year periods.

**United Way of Greater Topeka, Inc.
Topeka, Kansas**

**Notes to the Financial Statements
June 30, 2020**

Note 4 – Fair Value Measurement (continued)

The following table summarizes investments measured at fair value based on the NAV per share as of June 30, 2020 and 2019:

	Fair Value June 30, 2020	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Mutual funds	\$ 616,284	None	Daily	None
	Fair Value June 30, 2019	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Mutual funds	\$ 627,306	None	Daily	None

Note 5 – Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at June 30:

	2020	2019
Time restrictions - endowment earnings	\$ 86,903	\$ 93,975
Women United	39,939	30,177
Christmas Bureau	18,189	777
Young Leaders Society - Born Learning Trail	7,696	7,727
Community Impact	58,640	63,839
NOW Program	2,793	-
Washburn University Venture Grant Program	25,773	34,685
Campaign for Grade Level Reading	8,481	6,511
Dolly Parton Imagination Library	26,299	11,971
Disaster Relief	16,910	16,910
Covid-19 Relief Fund	3,355	-
Impact funding - health	7,645	5,905
	\$ 302,623	\$ 272,477
Total		

United Way of Greater Topeka, Inc.
Topeka, Kansas

Notes to the Financial Statements
June 30, 2020

Note 5 – Net Assets with Donor Restrictions (continued)

The Organization has additional net assets with donor restrictions required to be maintained in perpetuity in the amount of \$279,984 and \$278,517 for June 30, 2020 and 2019, respectively. This amount represents the portion of perpetual endowment funds that is required to be retained in perpetuity either by explicit stipulation or by UPMIFA. Net assets with donor restrictions to be maintained in perpetuity are included in long-term investments on the statement of financial position.

The following net assets with donor restrictions were released from restriction for their restricted purposes or time restrictions during the years ended June 30:

	<u>2020</u>	<u>2019</u>
Women United	\$ 3,939	\$ 7,806
Christmas Bureau	777	25,364
Young Leaders Society - Born Learning Trail	31	-
Young Leaders Society - Junior Leader Readers	-	3,268
NOW Program	-	6,563
Washburn University Venture Grant Program	10,000	8,000
Campaign for Grade Level Reading	6,511	6,153
Dolly Parton Imagination Library	5,797	50,549
	<u> </u>	<u> </u>
Total	<u>\$ 27,055</u>	<u>\$ 107,703</u>

Note 6 – Endowment

The Organization's endowment consists of donor-restricted endowment funds and the earnings on those funds. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors 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 retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

United Way of Greater Topeka, Inc.
Topeka, Kansas

Notes to the Financial Statements
June 30, 2020

Note 6 – Endowment (continued)

In accordance with UPMIFA, 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 fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (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
- (7) The investment policies of the Organization.

The endowment net assets composition at June 30, 2020 and 2019 was:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted net assets	\$ -	\$ 413,103	\$ 413,103
	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted net assets	\$ -	\$ 423,950	\$ 423,950

United Way of Greater Topeka, Inc.
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Notes to the Financial Statements
June 30, 2020

Note 6 – Endowment (continued)

Changes in endowment new assets for the years ended June 30, 2020 and 2019 were:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 423,950	\$ 423,950
Investment return:			
Net appreciation (realized and unrealized)	-	(12,315)	(12,315)
Contributions	-	1,468	1,468
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 413,103</u>	<u>\$ 413,103</u>
	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 407,845	\$ 407,845
Investment return:			
Net appreciation (realized and unrealized)	-	10,332	10,332
Contributions	-	5,773	5,773
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 423,950</u>	<u>\$ 423,950</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations after the investment of restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Directors. There were no such deficiencies as of June 30, 2020 or 2019.

United Way of Greater Topeka, Inc.
Topeka, Kansas

Notes to the Financial Statements
June 30, 2020

Note 6 – Endowment (continued)

The Organization's endowment assets are invested at the Foundation; therefore, the Organization uses the Foundation's growth portfolio investment policy for investment of its endowment assets. This investment policy is designed to provide for the preservation of capital and for the preservation of purchasing power of the endowment assets by striving for long-term returns that either match or exceed the Foundation's spending policy, the rate of inflation, and investment fees. Endowment assets include those assets of donor-designated funds that the Organization should hold in perpetuity. Under the Foundation's investment policy, the long-term investment objective is to earn a rate of return, net of all fees, in excess of an 80% S&P 500 Index/20% Barclays Aggregate Government/Corporate Bond Index benchmark over rolling five- and ten- year periods.

The Organization's endowment funds are pooled with other funds at the Foundation. Investment gains and losses of the Foundation's investments are then allocated to the Organization by the Foundation in proportion to the Organization's portion of the investment pool. The Organization has not implemented a formal spending policy as of June 30, 2020, as the endowment income is generally being allowed to accumulate. The Organization's informal spending policy is to appropriate for expenditure the endowment earnings on a case-by-case basis in accordance with donor restrictions and/or as approved by the Board of Directors.

Note 7 – Board Designated Net Assets

Net assets in the amount of \$1,090,500 and \$1,233,289 as of June 30, 2020 and 2019, respectively, are designated by the Board of Directors to be used for community impact, working capital and other operational needs and contingencies.

United Way of Greater Topeka, Inc.
Topeka, Kansas

Notes to the Financial Statements
June 30, 2020

Note 8 – Liquidity

The Organization's financial assets available within one year of the balance sheet date for general expenses are as follows:

Financial assets:	
Cash and cash equivalents	\$ 857,376
Certificate of deposit	144,144
Pledges receivable	869,914
Grants receivable	438,075
Other receivables	101,641
Prepaid expenses	<u>20,460</u>
 Total financial assets	 2,431,610
Less financial assets held to meet donor-imposed restrictions:	
Portion of donor-restricted funds not held in long-term investments	(169,504)
 Less board-designated net assets	 <u>(1,090,500)</u>
 Amount available for general expenditures within one year	 <u><u>\$ 1,171,606</u></u>

The Organization has established two reserve funds in order to preserve the financial health and allow the Organization to respond to unanticipated needs or funding requests in support of the strategic plan and operational goals of the Organization. These funds are board-designated. An Operating Reserve Fund consisting of a minimum of four months of direct operating expenses for the current fiscal year is maintained to meet short-term cash flow requirements during the operating cycle. In addition, an Economic Stabilization Reserve Fund is maintained with net assets without donor restrictions at a minimum level of 50% of the total dollars committed to investment in the community for the current fiscal year. Community investments include, but are not limited to, funds from donor designations, funds allocated to impact goals and basic needs, funds designated by donors to other United Ways, funds used to support community efforts, and funds used in times of disaster.

United Way of Greater Topeka, Inc.
Topeka, Kansas

Notes to the Financial Statements
June 30, 2020

Note 9 – Pension Plan

The Organization has a defined contribution retirement plan which covers all employees at least 21 years of age with one year of service. Effective January 1, 2017, the Organization began contributing two percent of the employees' wages to the plan and will match up to two percent of an elective employee contribution. The plan employs a five-year vesting schedule for the employer match, to apply to all participants hired after April 1, 2015:

<u>Years of employment</u>	<u>Percent matched</u>
1 year	20%
2 years	40%
3 years	60%
4 years	80%
5 years	100%

Pension cost was approximately \$22,900 and \$26,700 for the years ended June 30, 2020 and 2019, respectively.

Note 10 – Note Payable

On April 16, 2020, the Organization received loan proceeds in the amount of approximately \$160,000 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period. The Organization intends to use the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%. Monthly payments consisting of principal and interest will be begin approximately ten months after the twenty-four week covered period and will be payable over a two year period, if the loan is not forgiven.

United Way of Greater Topeka, Inc.
Topeka, Kansas

Notes to the Financial Statements
June 30, 2020

Note 11 – Operating Lease

The Organization leases office space, storage space, and equipment under agreements which are classified as operating leases. The office space lease is for an eleven-year term expiring December 31, 2029. Monthly lease payments range from \$5,125 to \$5,948. Annual net lease expense for the years ended June 30, 2020 and 2019 was \$61,961 and \$ 96,375, respectively. Future minimum lease payments are as follows:

2021	\$	62,891
2022		63,834
2023		64,792
2024		65,763
2025		66,750
2026-2030		312,850
	\$	<u>636,880</u>

Note 12 – Comparative Financial Statements

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019 from which the summarized information was derived.

In addition, certain amounts in the prior period presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported net assets.

Note 13 – Evaluation of Subsequent Events

In December 2019, an outbreak of a novel strain of corona virus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. Future potential impacts may include disruptions or restrictions on the Organization's ability to operate under its current mission and operating model.

The Organization has evaluated subsequent events and transactions for potential recognition or disclosure through the date of the independent auditor's report, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

United Way of Greater Topeka, Inc.
Topeka, Kansas

Community Impact
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Basic needs grants	\$ 349,223	\$ 370,270
Early education grants	396,052	454,068
Financial stability grants	188,623	157,575
On-grade achievement grants	261,006	263,839
	<u>\$ 1,194,904</u>	<u>\$ 1,245,752</u>

See independent auditor's report on supplementary information.

United Way of Greater Topeka, Inc.
Topeka, KansasPrivate and Public Grant Revenues
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Pre-K Pilot Program	\$ 682,935	\$ 684,233
Early Childhood Block Grant	2,291,823	2,300,203
Other grants	6,289	16,405
	<u>\$ 2,981,047</u>	<u>\$ 3,000,841</u>

See independent auditor's report on supplementary information.