

United Way of Kaw Valley, Inc.

**Financial Statements
As of June 30, 2023
and For the Year Then Ended**

With Report by Independent Auditor



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Kaw Valley, Inc.

Opinion

I have audited the accompanying financial statements of United Way of Kaw Valley, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

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

Report on Summarized Comparative Information

I have previously audited the Organization's 2022 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated November 16, 2022. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Shiplely CPA, LLC

Shiplely CPA, LLC
Topeka, Kansas
January 12, 2024

United Way of Kaw Valley, Inc.

**Statement of Financial Position
June 30, 2023
(with Summarized Financial Information for June 30, 2022)**

ASSETS

	2023	2022
Current Assets		
Cash and cash equivalents	\$ 321,428	\$ 389,886
Certificate of deposits	161,517	166,745
Contributions receivable:		
2022-2023 campaign, less allowance of \$136,238	908,593	-
2021-2022 campaign, less allowance of \$124,162	-	591,795
Grants receivable	532,825	447,764
Other receivables	19,417	27,882
Prepaid expenses	50,024	43,930
Total Current Assets	1,993,804	1,668,002
Property and Equipment		
Furniture and equipment, net of accumulated depreciation of \$187,433 and \$182,785, respectively	15,802	-
Total Property and Equipment	15,802	-
Other Assets		
Right-of-use assets	471,157	430,959
Long-term investments	891,079	976,294
Beneficial interests in assets held by Community Foundations	825,631	525,867
Total Other Assets	2,187,867	1,933,120
Total Assets	\$ 4,197,473	\$ 3,601,122

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts and grants payable	\$ 564,283	\$ 463,935
Accrued expenses	101,942	77,625
Due to participating agencies and other communities	116,891	180,692
Refundable advances	183,795	169,289
Operating lease	87,963	64,792
Total Current Liabilities	1,054,874	956,333
Noncurrent Liabilities		
Operating lease	383,194	366,167
Total Liabilities	1,438,068	1,322,500
Net Assets		
Without donor restrictions	1,701,790	1,570,035
With donor restrictions	1,057,615	708,587
Total Net Assets	2,759,405	2,278,622
Total Liabilities and Net Assets	\$ 4,197,473	\$ 3,601,122

United Way of Kaw Valley, Inc.

**Statement of Activities
For the Year Ended June 30, 2023
(with Summarized Financial Information for June 30, 2022)**

	2023			2022 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and Revenue				
Campaign applicable to current year:				
Contributions	\$ 2,473,428	\$ 23,091	\$ 2,496,519	\$ 1,979,555
Less: donor designations - United Way campaign	(213,015)	-	(213,015)	(231,624)
Less: allowance for uncollectible contributions	(53,604)	-	(53,604)	(72,304)
Net campaign applicable to current year	2,206,809	23,091	2,229,900	1,675,627
Private and public grants	3,245,019	-	3,245,019	2,969,156
Special grants and contributions	91,160	6,926	98,086	63,191
Net investment income (loss)	93,213	-	93,213	(154,199)
Change in value of beneficial interest in assets held by Community Foundations	-	72,771	72,771	(53,730)
Memorial and trust income	-	-	-	1,021
In-kind contributions	58,917	-	58,917	44,956
Hostsite income	41,538	-	41,538	-
Net assets released from restrictions	23,442	(23,442)	-	-
Total Support and Revenue	5,760,098	79,346	5,839,444	4,546,022
Expenses				
Program services	3,774,007	-	3,774,007	3,375,365
Community impact	922,861	-	922,861	887,917
Management and general	633,762	-	633,762	500,523
Resource development	330,174	-	330,174	188,430
Total Expenses	5,660,804	-	5,660,804	4,952,235
Other Changes in Net Assets				
Equity transfer	32,461	269,682	302,143	-
Change in Net Assets	131,755	349,028	480,783	(406,213)
Net Assets, Beginning of Year	1,570,035	708,587	2,278,622	2,684,835
Net Assets, End of Year	\$ 1,701,790	\$ 1,057,615	\$ 2,759,405	\$ 2,278,622

United Way of Kaw Valley, Inc.

Statement of Functional Expenses For the Year Ended June 30, 2023 (with Summarized Financial Information for June 30, 2022)

Expenses	2023					2022 Total
	Program Expense	Community Impact	Support Services		Total	
			Management and General	Resource Development		
Salaries	\$ 243,210	\$ -	\$ 384,841	\$ 192,054	\$ 820,105	\$ 601,815
Payroll taxes	20,792	-	29,098	14,452	64,342	46,849
Employee benefits and retirement	33,378	-	28,455	15,240	77,073	56,598
Operating lease and office maintenance	38,989	-	37,360	18,037	94,386	67,558
External printing	1,099	-	473	15,990	17,562	15,540
Public relations	212	-	28	1,657	1,897	1,278
Campaign ambassador	16	-	-	3,721	3,737	5,118
Professional fees	1,246	-	39,360	1,433	42,039	11,005
Insurance	4,004	-	3,839	1,852	9,695	6,605
Technology expenses	41,124	-	59,857	7,386	108,367	80,565
Office supplies	7,606	-	7,458	4,748	19,812	14,981
Telephone	3,003	-	5,327	815	9,145	8,424
Postage and shipping	3,213	-	3,082	2,505	8,800	7,113
Local transportation	1,568	-	1,584	728	3,880	667
Educational conferences and instruction	-	-	-	-	-	5,357
Meetings	5,671	-	1,731	3,965	11,367	2,367
Subscriptions and reference publications	141	-	142	47	330	-
Organizational dues	490	-	968	1,736	3,194	2,064
Volunteer recognition	329	-	93	44	466	370
National dues	15,146	-	14,523	7,005	36,674	40,408
Junior Leader Reader	10,628	-	-	-	10,628	3,678
Born Learning Trail	-	-	-	-	-	2,265
Mengel swim passes	2,400	-	-	-	2,400	-
Lawrence KS Pride	8,616	-	-	-	8,616	-
Dolly Parton Library	31,585	-	-	-	31,585	49,875
Day of Caring	15,070	-	-	-	15,070	10,230
Roger Hill Volunteer Center	350	-	-	-	350	-
9-1-1 grant	430	-	-	-	430	-
Miscellaneous volunteer events	560	-	-	-	560	-
Grants	3,246,713	-	-	-	3,246,713	2,947,767
Christmas Bureau	5,410	-	-	-	5,410	6,032
Women United	2,361	-	-	-	2,361	6,762
WU Student Allocation	10,000	-	-	-	10,000	10,000
NOW Program	-	-	-	-	-	450
Campaign expenses	-	-	-	390	390	-
Sales tax	63	-	61	29	153	589
Early education	-	243,596	-	-	243,596	236,194
On grade achievement	-	158,219	-	-	158,219	161,394
Financial stability	-	118,490	-	-	118,490	127,773
Food	-	105,594	-	-	105,594	105,594
Rent and utilities assistance	-	114,800	-	-	114,800	104,800
Safety	-	54,287	-	-	54,287	54,287
Healthcare	-	92,875	-	-	92,875	92,875
VITA	-	5,000	-	-	5,000	5,000
Racial equity	-	30,000	-	-	30,000	-
Depreciation and amortization	-	-	1,405	-	1,405	760
In-kind	15,608	-	8,776	34,533	58,917	44,956
Miscellaneous	2,976	-	5,301	1,807	10,084	6,272
Total Expenses	\$ 3,774,007	\$ 922,861	\$ 633,762	\$ 330,174	\$ 5,660,804	\$ 4,952,235

United Way of Kaw Valley, Inc.

**Statement of Cash Flows
For the Year Ended June 30, 2023
(with Summarized Financial Information for June 30, 2022)**

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ 480,783	\$ (406,213)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,405	760
Net unrealized and realized (gains) losses on investments	(67,794)	174,422
Change in value of beneficial interest in assets held by Community Foundations	(72,771)	53,730
Changes in assets and liabilities:		
Contributions receivable	(316,798)	48,078
Grants receivable	(85,061)	111,794
Other receivables	8,465	(21,916)
Prepaid expenses	(6,094)	(23,351)
Accounts and grants payable	100,348	(206,327)
Accrued expenses	24,317	(24,650)
Due to participating agencies and other communities	(63,801)	84,664
Refundable advances	14,506	98,198
	17,505	(110,811)
Net Cash Provided by (Used in) Operating Activities		
Cash Flows from Investing Activities		
Purchase of property and equipment	(17,207)	-
Purchases of long-term investments	(251,384)	(21,815)
Change in certificates of deposit	5,228	24,089
Proceeds from sale of long-term investments	177,400	-
	(85,963)	2,274
Net Cash Provided by (Used in) Investing Activities		
Net Change in Cash, Cash Equivalents and Restricted Cash	(68,458)	(108,537)
Cash, Cash Equivalents, and Restricted Cash – Beginning	389,886	498,423
Cash, Cash Equivalents, and Restricted Cash – Ending	\$ 321,428	\$ 389,886

United Way of Kaw Valley, Inc.

Notes to the Financial Statements June 30, 2023

Note 1 – Summary of Significant Accounting Policies

A. Nature of Activities

United Way of Kaw Valley, Inc. (the Organization) creates and cultivates an unbreakable network of support for strong, healthy and equitable communities in Shawnee, Douglas, Jackson and Jefferson counties in northeast Kansas. The Organization serves as a grant maker, community convenor, volunteer organizer and strategic partner for the nonprofit sector. Donor dollars are invested locally and support a broad range of initiatives that benefit the whole family in education, financial stability and health, as well as racial equity and family supports/basic needs. The Organization seeks to remove barriers to individual, family and community health and quality of life. The Organization also increases the capacity of the nonprofit community by connecting volunteers to rewarding and impactful service opportunities.

The Organization recognizes that disparities affect our community. Alleviating those disparities is the very core of the 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.
- Individuals and families, in all their forms, have access to resources and support to help each other thrive, including nutritious and affordable food, safe and connected communities, and opportunities to be active and healthy.
- Individuals and families have a path to financial stability and are able to save and plan for the future.
- Everyone has the opportunity to contribute to the success of their community through volunteering, advocacy and philanthropic giving.

During fiscal year 2023, the Organization, formerly known as United Way of Greater Topeka, Inc., voted and approved to merge with the United Way of Douglas County under a new name, United Way of Kaw Valley, Inc., as of September 30, 2022. The United Way of Douglas County information from October 1, 2022 through June 30, 2023 has been included as part of the Organization as of June 30, 2023 on the statement of financial position and statement of activities with a beginning equity transfer amount of \$302,143.

B. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted (GAAP) in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 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 Kaw Valley, Inc.

**Notes to the Financial Statements
June 30, 2023**

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 restriction 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 GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Cash, Cash Equivalents and Restricted Cash

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.

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.

United Way of Kaw Valley, Inc.

**Notes to the Financial Statements
June 30, 2023**

Note 1 – Summary of Significant Accounting Policies (continued)

E. Concentrations of Credit Risk (continued)

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 and Douglas County Community Foundations (the Foundations). The pooled shares at the Foundations are recorded at net asset value (NAV) as described in Note 3. 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. Beneficial Interest in Assets Held by Community Foundations

The Organization has established funds under agreements with the Foundations and named itself as beneficiary. The Foundations grant variance power to the Organization, which allows the Organization to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the Organization's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The funds are held and invested by the Foundation for the Organization's benefit and is reported at fair value in the Foundation's statement of financial position, with changes separately reported on the statement of activities.

H. Contributions Receivable

Contributions receivable represent legally enforceable contributions which are recorded at their net realizable value in the period made. The allowance for uncollectible contributions estimated at 7.0% and 7.0% for the years ended June 30, 2023 and 2022, respectively, is based on an analysis of historical trends, current levels of campaign revenue, and other factors. Contributions for each campaign year are expected to be collected within one year. Contributions not collected by June 30 of the following year are deemed uncollectible.

I. Property and Equipment

Property and equipment are carried at cost. Property 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 sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset.

United Way of Kaw Valley, Inc.

**Notes to the Financial Statements
June 30, 2023**

Note 1 – Summary of Significant Accounting Policies (continued)

J. 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.

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 2020.

L. 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.

M. Revenue Recognition – Public Support

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Public support is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

Note 2 – In-Kind Contributions

The Organization receives donated materials, facilities, and services, such as advertising and professional services. These services and in-kind contributions have been recognized at fair value in the financial statements. 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.

United Way of Kaw Valley, Inc.

**Notes to the Financial Statements
June 30, 2023**

Note 2 – In-Kind Contributions (continued)

For the year ended June 30, 2023 and 2022, contributed nonfinancial assets recognized within the statement of activities included the following:

	<u>2023</u>	<u>2022</u>
Advertising services	\$ 54,492	\$ 42,956
Training	375	-
Facilities	<u>4,050</u>	<u>2,000</u>
	<u>\$ 58,917</u>	<u>\$ 44,956</u>

Contributed facilities are provided by the lessor for various dates to be used by the Organization for board leadership training, the Topeka Volunteers event and DEI training as part of a mini grant. Contributed facilities are used for program activities and are recognized at fair value based on current rates and contract provided for similar facility rental services.

Contributed advertising services are valued using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a “like-kind” methodology considering utility for use at the time of the contribution. A large portion of contributed advertising are used for promoting the mission of the Organization and are considered a program expense.

Note 3 – Investments

Long-term investments consisted of the following at June 30:

	<u>2023</u>	
	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	<u>\$ 691,411</u>	<u>\$ 891,079</u>
	<u>2022</u>	
	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	<u>\$ 805,378</u>	<u>\$ 976,294</u>

Other long-term investments, which are held in trust at the Foundation in the amount of \$825,631 and \$525,867 at June 30, 2023 and 2022, 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.

United Way of Kaw Valley, Inc.

**Notes to the Financial Statements
June 30, 2023**

Note 4 – Fair Value Measurement (continued)

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.

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, 2023 or 2022.

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, 2023 and 2022. 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 Kaw Valley, Inc.

**Notes to the Financial Statements
June 30, 2023**

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, 2023:

	Fair Value Measurements at Reporting Date			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Blended funds	\$ 622,529	\$ -	\$ -	\$ 622,529
Bond fund	268,550	-	-	268,550
	<u>\$ 891,079</u>	<u>\$ -</u>	<u>\$ -</u>	
Investments measured at net asset value (a)				<u>825,631</u>
		Total		<u>\$ 1,716,710</u>

The following hierarchy table presents information about the Organization’s assets measured at fair value as of June 30, 2022:

	Fair Value Measurements at Reporting Date			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Blended funds	\$ 650,293	\$ -	\$ -	\$ 650,293
Bond fund	326,001	-	-	326,001
	<u>\$ 976,294</u>	<u>\$ -</u>	<u>\$ -</u>	
Investments measured at net asset value (a)				<u>525,867</u>
		Total		<u>\$ 1,502,161</u>

(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 Kaw Valley, Inc.

**Notes to the Financial Statements
June 30, 2023**

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, 2023 and 2022:

	Fair Value June 30, 2023	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Beneficial interests in assets held by Community Foundations	\$ 825,631	None	Daily	None

	Fair Value June 30, 2022	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Beneficial interests in assets held by Community Foundations	\$ 525,867	None	Daily	None

The following table presents the changes in the investments measured at NAV, which is measured on a recurring basis using level 3 inputs to the measurement of fair value:

	2023	2022
Beginning of year	\$ 525,867	\$ 578,768
Equity transfer	224,149	-
Net investment income (loss)	75,764	(54,506)
Additions to investments	2,251	1,605
Sale of investments	(2,400)	-
Total	<u>\$ 825,631</u>	<u>\$ 525,867</u>

Note 5—Refundable Advances

The Organization has been awarded grants to provide services. The grants are recognized as the required services are performed, and expenses are recognized as incurred. Grant activity for the years ended June 30, 2023 and 2022, was as follows:

	2023	2022
Refundable advances, beginning of year	\$ 169,289	\$ 71,091
Grant receipts	296,260	625,323
Grant expenditures	<u>(281,754)</u>	<u>(527,125)</u>
Refundable advances, end of year	<u>\$ 183,795</u>	<u>\$ 169,289</u>

United Way of Kaw Valley, Inc.

**Notes to the Financial Statements
June 30, 2023**

Note 6 – Net Assets with Donor Restrictions

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

	<u>2023</u>	<u>2022</u>
Time restrictions - endowment earnings	\$ 279,197	\$ 144,472
Women United	74,594	59,931
Christmas Bureau	65,490	67,560
Young Leaders Society - Born Learning Trail	2,396	2,396
Community Impact	117,823	100,274
NOW Program	-	2,994
Washburn University Venture Grant Program	21,201	21,124
Campaign for Grade Level Reading	4,280	4,622
Back Snack	1,000	-
Disaster Relief	11,393	11,647
Lawrence KS Pride	5,100	-
Roger Hill Volunteer Center	22,527	-
Technology (Peggy Beecher Memorial Fund)	5,232	-
Mengel - pool passes	9,259	-
Impact funding - health	<u>17,651</u>	<u>10,725</u>
Total	<u>\$ 637,143</u>	<u>\$ 425,745</u>

The Organization has additional net assets with donor restrictions required to be maintained in perpetuity in the amount of \$420,472 and \$282,842 for June 30, 2023 and 2022, respectively. This amount represents the portion of perpetual endowment funds that is required to be retained in perpetuity either by explicit stipulation or by Uniform Prudent Management of Institutional Funds Act (UPMIFA). Net assets with donor restrictions to be maintained in perpetuity are included in long-term investments on the statement of financial position.

United Way of Kaw Valley, Inc.

**Notes to the Financial Statements
June 30, 2023**

Note 6 – Net Assets with Donor Restrictions (continued)

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>2023</u>	<u>2022</u>
Junior Leader Reader	\$ -	\$ 1,178
Young Leaders Society - Born Learning Trail	-	2,265
Disaster Relief	254	-
Christmas Bureau	2,070	-
NOW Program	2,994	-
Douglas County Campaign	16,700	-
Roger Hill Volunteer Center	1,083	-
Campaign for Grade Level Reading	341	-
Dolly Parton Imagination Library	-	11,074
	<u> </u>	<u> </u>
Total	<u>\$ 23,442</u>	<u>\$ 14,517</u>

Note 7 – Endowment

The Organization's endowment consists of donor-restricted endowment funds and the earnings on those funds. As required by 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 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.

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.

United Way of Kaw Valley, Inc.

**Notes to the Financial Statements
June 30, 2023**

Note 7 – Endowment (continued)

The endowment net assets composition at June 30, 2023 and 2022 was:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted net assets	\$ -	\$ 817,757	\$ 817,757

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted net assets	\$ -	\$ 518,586	\$ 518,586

Changes in endowment net assets for the years ended June 30, 2023 and 2022 were:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 518,586	\$ 518,586
Investment return:			
Net appreciation (realized and unrealized)	-	75,171	75,171
Equity transfer	-	224,149	224,149
Contributions	-	2,251	2,251
Amounts appropriated for expenditure	-	(2,400)	(2,400)
Endowment net assets, end of year	\$ -	\$ 817,757	\$ 817,757

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 570,710	\$ 570,710
Investment return:			
Net appreciation (realized and unrealized)	-	(53,730)	(53,730)
Contributions	-	1,606	1,606
Endowment net assets, end of year	\$ -	\$ 518,586	\$ 518,586

United Way of Kaw Valley, Inc.

**Notes to the Financial Statements
June 30, 2023**

Note 7 – Endowment (continued)

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, 2023 or 2022.

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, 2023, 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 8 – 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 \$25,400 and \$24,500 for the years ended June 30, 2023 and 2022, respectively.

United Way of Kaw Valley, Inc.

**Notes to the Financial Statements
June 30, 2023**

Note 9 – 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	\$ 321,428
Certificate of deposit	161,517
Contributions receivable	908,593
Grants receivable	532,825
Other receivables	<u>19,417</u>
 Total financial assets	 1,943,780
 Less financial assets held to meet donor-imposed restrictions:	
Portion of donor-restricted funds not held in long-term investments	(239,858)
 Less board-designated net assets	 <u>(1,070,320)</u>
 Amount available for general expenditures within one year	 <u>\$ 633,602</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.

Net assets in the amount of \$1,070,320 and \$983,593 as of June 30, 2023 and 2022, respectively, are designated by the Board of Directors to be used for community impact, working capital and other operational needs and contingencies.

Note 10 – Right-of-Use Asset and Finance Lease

The Organization leases office facilities under a long-term operating lease agreements expiring December 31, 2029 and November 1, 2027. The Organization adopted ASC 842 during their 2022 fiscal year which redefined operating leases and required the Organization to record a right-of-use asset and related lease liability which are now presented on the statement of financial position.

The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Organization has applied the risk-free rate option to the office facilities classes of assets.

United Way of Kaw Valley, Inc.

**Notes to the Financial Statements
June 30, 2023**

Note 10 – Right-of-Use Asset and Finance Lease (continued)

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

Total right-of-use assets and lease liabilities at June 30 are as follows:

	2023	2022
<u>Lease Assets - Classification in Statement of Financial Position</u>		
Operating right-of-use assets - Other assets	\$ 471,157	\$ 430,959
<u>Lease Liabilities - Classification in Statement of Financial Position</u>		
Operating lease liability	\$ 471,157	\$ 430,959

Total lease costs for the years ended June 30 are as follows:

	2023	2022
Operating lease cost	\$ 77,742	\$ 63,834

The following table summarizes the supplemental cash flow information for the years ended June 30:

	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 58,132	\$ 45,150
Right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	\$ 527,849	\$ 476,109

The following table summarizes the weighted-average remaining lease term and weighted-average discount rate:

Weighted-average remaining lease term in years:	
Operating leases	5.7
Weighted-average discount rate:	
Operating leases	4.98%

United Way of Kaw Valley, Inc.

**Notes to the Financial Statements
June 30, 2023**

Note 10 – Right-of-Use Asset and Finance Lease (continued)

The future minimum lease payments under noncancelable finance leases with terms greater than one year are listed below as of June 30, 2023:

2024	\$ 87,963
2025	88,950
2026	89,951
2027	90,967
2028	79,049
Thereafter	<u>106,533</u>
Total lease payments	\$ 543,413
Less interest	<u>(72,256)</u>
 Present value of lease liabilities	 <u><u>\$ 471,157</u></u>

Note 11 – 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 GAAP. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2022 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 12 – Evaluation of Subsequent Events

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 Kaw Valley, Inc.
Topeka, Kansas**

**Community Impact
June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Basic needs grants	\$ 367,556	\$ 357,556
Early education grants	243,596	236,194
Financial stability grants	123,490	132,773
Racial equity grants	30,000	-
On-grade achievement grants	158,219	161,394
	<u>\$ 922,861</u>	<u>\$ 887,917</u>

**United Way of Kaw Valley, Inc.
Topeka, Kansas**

**Private and Public Grant Revenues
June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Pre-K Pilot Program	\$ 501,716	\$ 633,955
Early Childhood Block Grant	2,328,512	2,183,900
Other Grants	414,791	151,301
	<u>\$ 3,245,019</u>	<u>\$ 2,969,156</u>