

United Way of Greater Topeka, Inc.

**Financial Statements
As of June 30, 2022
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 Greater Topeka, Inc.

Opinion

I 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, 2022, 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, 2022, 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 2021 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated November 4, 2021. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, 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
November 16, 2022

United Way of Greater Topeka, Inc.

**Statement of Financial Position
June 30, 2022
(with Summarized Financial Information for June 30, 2021)**

ASSETS

	2022	2021
Current Assets		
Cash and cash equivalents	\$ 389,886	\$ 498,423
Certificate of deposits	166,745	190,834
Pledges receivable:		
2021-2022 campaign, less allowance of \$124,162	591,795	-
2020-2021 campaign, less allowance of \$136,703	-	639,873
Grants receivable	447,764	559,558
Other receivables	27,882	5,966
Prepaid expenses	43,930	20,579
Total Current Assets	1,668,002	1,915,233
Property and Equipment		
Furniture and equipment, net of accumulated depreciation of \$182,785 and \$182,025, respectively	-	760
Right-of-use assets	430,959	-
Total Property and Equipment	430,959	760
Other Assets		
Long-term investments	1,502,161	1,708,498
Total Assets	\$ 3,601,122	\$ 3,624,491

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts and grants payable	\$ 463,935	\$ 670,262
Accrued expenses	77,625	102,275
Due to participating agencies and other communities	180,692	96,028
Refundable advances	169,289	71,091
Operating lease	64,792	-
Total Current Liabilities	956,333	939,656
Noncurrent Liabilities		
Operating lease	366,167	-
Total Liabilities	1,322,500	939,656
Net Assets		
Without donor restrictions	1,570,035	1,921,466
With donor restrictions	708,587	763,369
Total Net Assets	2,278,622	2,684,835
Total Liabilities and Net Assets	\$ 3,601,122	\$ 3,624,491

United Way of Greater Topeka, Inc.

**Statement of Activities
For the Year Ended June 30, 2022
(with Summarized Financial Information for June 30, 2021)**

	2022			
	Without Donor Restrictions	With Donor Restrictions	Total	2021 Total
Support and Revenue				
Campaign applicable to current year:				
Contributions	\$ 1,968,802	\$ 10,753	\$ 1,979,555	\$ 1,896,262
Less: donor designations - United Way campaign	(231,624)	-	(231,624)	(136,070)
Less: allowance for uncollectible pledges	(72,304)	-	(72,304)	(228,249)
Net campaign applicable to current year	1,664,874	10,753	1,675,627	1,531,943
Private and public grants	2,969,156	-	2,969,156	3,286,946
Special grants and contributions	60,479	2,712	63,191	154,526
Net investment income (loss)	(154,199)	(53,730)	(207,929)	421,576
Memorial and trust income	1,021	-	1,021	100
In-kind contributions	44,956	-	44,956	58,814
Net assets released from restrictions	14,517	(14,517)	-	-
Total Support and Revenue	4,600,804	(54,782)	4,546,022	5,453,905
Expenses				
Program services	3,375,365	-	3,375,365	3,644,595
Community impact	887,917	-	887,917	988,144
Management and general	500,523	-	500,523	516,533
Resource development	188,430	-	188,430	217,030
Total Expenses	4,952,235	-	4,952,235	5,366,302
Change in Net Assets	(351,431)	(54,782)	(406,213)	87,603
Net Assets, Beginning of Year	1,921,466	763,369	2,684,835	2,597,232
Net Assets, End of Year	\$ 1,570,035	\$ 708,587	\$ 2,278,622	\$ 2,684,835

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

United Way of Greater Topeka, Inc.

**Statement of Functional Expenses
For the Year Ended June 30, 2022
(with Summarized Financial Information for June 30, 2021)**

Expenses	2022					2021 Total
	Program Expense	Community Impact	Support Services		Total	
			Management and General	Resource Development		
Salaries	\$ 172,090	\$ -	\$ 316,035	\$ 113,690	\$ 601,815	\$ 637,516
Payroll taxes	13,154	-	24,795	8,900	46,849	46,701
Employee benefits and retirement	18,753	-	28,108	9,737	56,598	69,652
Operating lease and office maintenance	24,321	-	32,360	10,877	67,558	67,278
External printing	-	-	-	15,540	15,540	11,722
Public relations	348	-	-	930	1,278	250
Campaign ambassador	-	-	-	5,118	5,118	3,473
Professional fees	-	-	10,830	175	11,005	11,703
Insurance	2,378	-	3,164	1,063	6,605	6,966
Technology expenses	30,889	-	44,190	5,486	80,565	82,792
Office supplies	4,832	-	6,650	3,499	14,981	12,625
Telephone	2,951	-	4,229	1,244	8,424	7,536
Postage and shipping	2,531	-	3,380	1,202	7,113	6,542
Local transportation	286	-	241	140	667	663
Educational conferences and instruction	1,659	-	1,993	1,705	5,357	3,956
Meetings	1,292	-	789	286	2,367	1,370
Subscriptions and reference publications	-	-	-	-	-	41
Organizational dues	50	-	744	1,270	2,064	2,423
Volunteer recognition	177	-	193	-	370	388
National dues	14,547	-	19,355	6,506	40,408	84,957
Junior Leader Reader	3,678	-	-	-	3,678	2,276
Born Learning Trail	2,265	-	-	-	2,265	3,002
Dolly Parton Library	49,875	-	-	-	49,875	29,350
Day of Caring	10,230	-	-	-	10,230	3,921
Topeka Volunteers	-	-	-	-	-	1,000
COVID-19 Relief Fund	-	-	-	-	-	7,904
Grants	2,947,767	-	-	-	2,947,767	3,118,001
Christmas Bureau	6,032	-	-	-	6,032	53,450
Women United	6,762	-	-	-	6,762	1,618
WU Student Allocation	10,000	-	-	-	10,000	15,000
NOW Program	450	-	-	-	450	900
Campaign expenses	-	-	-	-	-	180
Sales tax	212	-	282	95	589	905
Early education	-	236,194	-	-	236,194	281,683
On grade achievement	-	161,394	-	-	161,394	207,267
Financial stability	-	127,773	-	-	127,773	136,805
Food	-	105,594	-	-	105,594	109,000
Rent and utilities assistance	-	104,800	-	-	104,800	80,900
Safety	-	54,287	-	-	54,287	54,300
Healthcare	-	92,875	-	-	92,875	113,090
VITA	-	5,000	-	-	5,000	5,000
Impact evaluation costs	-	-	-	-	-	99
Depreciation and amortization	-	-	760	-	760	1,493
In-kind	44,956	-	-	-	44,956	58,814
Miscellaneous	2,880	-	2,425	967	6,272	21,790
Total Expenses	\$ 3,375,365	\$ 887,917	\$ 500,523	\$ 188,430	\$ 4,952,235	\$ 5,366,302

United Way of Greater Topeka, Inc.

**Statement of Cash Flows
For the Year Ended June 30, 2022
(with Summarized Financial Information for June 30, 2021)**

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ (406,213)	\$ 87,603
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	760	1,493
Net unrealized and realized gains on investments	228,152	(402,912)
Forgiveness of debt	-	(160,000)
Changes in assets and liabilities:		
Pledges receivable for other than long-term purposes	48,078	230,041
Grants receivable	111,794	(121,483)
Other receivables	(21,916)	95,675
Prepaid expenses	(23,351)	(119)
Accounts and grants payable	(206,327)	(96,233)
Accrued expenses	(24,650)	16,712
Due to participating agencies and other communities	84,664	(121,499)
Refundable advances	98,198	(121,648)
	(110,811)	(592,370)
Cash Flows from Investing Activities		
Purchases of long-term investments	(21,815)	(19,893)
Change in certificates of deposit	24,089	(46,690)
Proceeds from sale of long-term investments	-	300,000
	2,274	233,417
Net Change in Cash, Cash Equivalents and Restricted Cash	(108,537)	(358,953)
Cash, Cash Equivalents, and Restricted Cash - Beginning	498,423	857,376
Cash, Cash Equivalents, and Restricted Cash - Ending	\$ 389,886	\$ 498,423

United Way of Greater Topeka, Inc.

Notes to the Financial Statements June 30, 2022

Note 1 – Summary of Significant Accounting Policies

A. Nature of Activities

United Way of Greater Topeka, Inc. (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 (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).

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.

United Way of Greater Topeka, Inc.

Notes to the Financial Statements June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

B. Basis of Accounting (continued)

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.

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.

United Way of Greater Topeka, Inc.

Notes to the Financial Statements June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

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 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. 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 7.0% and 7.0% for the years ended June 30, 2022 and 2021, 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.

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. 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 2019.

K. 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.

**Notes to the Financial Statements
June 30, 2022**

Note 1 – Summary of Significant Accounting Policies (continued)

L. 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. For the year ended June 30, 2022, contributed nonfinancial assets recognized within the statement of revenues, expenses and other changes in net assets – modified cash basis included the following:

	<u>2022</u>	<u>2021</u>
Advertising services	\$ 42,956	\$ 48,220
Supplies for Baby 2 Baby	-	10,000
Program supplies	-	594
Facilities	<u>2,000</u>	<u>-</u>
	<u>\$ 44,956</u>	<u>\$ 58,814</u>

Contributed facilities are provided by the lessor for various dates to be used by the Organization for board leadership training. 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 and supplies 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. Contributed advertising and supplies are used for promoting the mission of the Organization and are considered a program expense.

United Way of Greater Topeka, Inc.

**Notes to the Financial Statements
June 30, 2022**

Note 3 – Investments

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

	<u>2022</u>	
	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	<u>\$ 805,378</u>	<u>\$ 976,294</u>

	<u>2021</u>	
	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	<u>\$ 717,927</u>	<u>\$ 1,129,730</u>

Other long-term investments, which are held in trust at the Foundation in the amount of \$525,867 and \$578,768 at June 30, 2022 and 2021, 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.

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, 2021 or 2020.

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.

United Way of Greater Topeka, Inc.

**Notes to the Financial Statements
June 30, 2022**

Note 4 – Fair Value Measurement (continued)

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, 2022 and 2021. 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.

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

	<u>Fair Value Measurements at Reporting Date</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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><u>\$ 1,502,161</u></u>

United Way of Greater Topeka, Inc.

**Notes to the Financial Statements
June 30, 2022**

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, 2021:

	Fair Value Measurements at Reporting Date			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Blended funds	\$ 853,359	\$ -	\$ -	\$ 853,359
Bond fund	276,371	-	-	276,371
	<u>\$ 1,129,730</u>	<u>\$ -</u>	<u>\$ -</u>	
Investments measured at net asset value (a)				<u>578,768</u>
		Total		<u>\$ 1,708,498</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.

The following table summarizes investments measured at fair value based on the NAV per share as of June 30, 2022 and 2021:

	Fair Value June 30, 2022	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Mutual funds	\$ 525,867	None	Daily	None
	Fair Value June 30, 2021	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Mutual funds	\$ 578,768	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:

	2022	2021
Beginning of year	\$ 578,768	\$ 616,284
Net investment income (loss)	(54,506)	161,233
Additions to investments	1,605	1,251
Sale of investments	-	(200,000)
Total	<u>\$ 525,867</u>	<u>\$ 578,768</u>

United Way of Greater Topeka, Inc.

**Notes to the Financial Statements
June 30, 2022**

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, 2022 and 2021, was as follows:

	<u>2022</u>	<u>2021</u>
Refundable advances, beginning of year	\$ 71,091	\$ 192,739
Grant receipts	625,323	235,282
Grant expenditures	<u>(527,125)</u>	<u>(356,930)</u>
Refundable advances, end of year	<u>\$ 169,289</u>	<u>\$ 71,091</u>

Note 6 – Net Assets with Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
Time restrictions - endowment earnings	\$ 144,472	\$ 175,730
Women United	59,931	52,241
Christmas Bureau	67,560	66,826
Young Leaders Society - Born Learning Trail	2,396	4,661
Community Impact	100,274	122,747
NOW Program	2,994	2,605
Washburn University Venture Grant Program	21,124	21,022
Campaign for Grade Level Reading	4,622	4,391
Dolly Parton Imagination Library	-	11,074
Disaster Relief	11,647	11,647
Junior Leader Reader	-	1,178
Impact funding - health	<u>10,725</u>	<u>8,013</u>
Total	<u>\$ 425,745</u>	<u>\$ 482,135</u>

The Organization has additional net assets with donor restrictions required to be maintained in perpetuity in the amount of \$282,842 and \$281,234 for June 30, 2022 and 2021, 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 Greater Topeka, Inc.

**Notes to the Financial Statements
June 30, 2022**

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>2022</u>	<u>2021</u>
Junior Leader Reader	\$ 1,178	\$ -
Young Leaders Society - Born Learning Trail	2,265	3,035
Disaster Relief	-	5,263
Covid-19 Relief Fund	-	3,355
NOW Program	-	188
Washburn University Venture Grant Program	-	4,751
Campaign for Grade Level Reading	-	4,090
Dolly Parton Imagination Library	<u>11,074</u>	<u>15,225</u>
Total	<u>\$ 14,517</u>	<u>\$ 35,907</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 Greater Topeka, Inc.

**Notes to the Financial Statements
June 30, 2022**

Note 7 – Endowment (continued)

The endowment net assets composition at June 30, 2022 and 2021 was:

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

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted net assets	\$ -	\$ 570,710	\$ 570,710

Changes in endowment net assets for the years ended June 30, 2022 and 2021 were:

	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

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 413,103	\$ 413,103
Investment return:			
Net appreciation (realized and unrealized)	-	156,356	156,356
Contributions	-	1,251	1,251
Endowment net assets, end of year	\$ -	\$ 570,710	\$ 570,710

United Way of Greater Topeka, Inc.

**Notes to the Financial Statements
June 30, 2022**

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, 2022 or 2021.

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, 2022, 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 – Board Designated Net Assets

Net assets in the amount of \$983,593 and \$1,001,837 as of June 30, 2022 and 2021, respectively, are designated by the Board of Directors to be used for community impact, working capital and other operational needs and contingencies.

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 \$24,500 and \$22,300 for the years ended June 30, 2022 and 2021, respectively.

United Way of Greater Topeka, Inc.

**Notes to the Financial Statements
June 30, 2022**

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 were forgivable as long as the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintained its payroll levels. During the year ended June 30, 2021, the Organization met all the requirements for forgiveness and the amount is recognized in private and public grants on the statement of activities.

Note 11 – 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	\$ 389,886
Certificate of deposit	166,745
Pledges receivable	591,795
Grants receivable	447,764
Other receivables	<u>27,882</u>
Total financial assets	1,624,072
Less financial assets held to meet donor-imposed restrictions:	
Portion of donor-restricted funds not held in long-term investments	(190,001)
Less board-designated net assets	<u>(983,593)</u>
Amount available for general expenditures within one year	<u>\$ 450,478</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.

**Notes to the Financial Statements
June 30, 2022**

Note 12 – Right-of-Use Asset and Finance Lease

The Organization leases office facilities under a long-term operating lease agreement expiring December 31, 2029. 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 following are new disclosures related to this lease adoption and are only presented for the year ended June 30, 2022.

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.

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, 2022 are as follows:

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

Total lease costs for the year ended June 30, 2022 are as follows:

Operating lease cost	\$ 63,834
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The following table summarizes the supplemental cash flow information for the year ended June 30, 2022:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 45,150
Right-of-use assets obtained in exchange for lease liabilities:	
Operating leases	\$ 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	8.5
Weighted-average discount rate:	
Operating leases	4.50%

United Way of Greater Topeka, Inc.

**Notes to the Financial Statements
June 30, 2022**

Note 12 – 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, 2022:

2023	\$ 64,792
2024	65,763
2025	66,750
2026	67,751
2027	68,767
2028-2029	<u>176,331</u>
Total lease payments	\$ 510,154
Less interest	<u>(79,195)</u>
Present value of lease liabilities	<u>\$ 430,959</u>

Note 13 – 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, 2021 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 14 – 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.

Subsequent to year end, the Organization voted and approved to merge with the United Way of Douglas County under a new name, United Way of Kaw Valley, as of September 30, 2022.

SUPPLEMENTARY INFORMATION

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

**Community Impact
June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Basic needs grants	\$ 357,556	\$ 357,389
Early education grants	236,194	281,683
Financial stability grants	132,773	141,805
On-grade achievement grants	161,394	207,267
	<u>\$ 887,917</u>	<u>\$ 988,144</u>

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

**Private and Public Grant Revenues
June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Pre-K Pilot Program	\$ 633,955	\$ 651,979
Early Childhood Block Grant	2,183,900	2,200,000
SBA PPP Grant	-	160,000
Other Grants	151,301	274,967
	<u>\$ 2,969,156</u>	<u>\$ 3,286,946</u>