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Dan Robertson, CPA
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
United Way of the Flint Hills, Inc

Emporia, KS 66801

We have audited the accompanying financial statements of United Way of the Flint Hills, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of the Flint Hills, Inc of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Agler & Gaeddert, Chartered

Emporia, Kansas
October 16, 2018



UNITED WAY OF THE FLINT HILLS, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

December 31, 2017 and 2016

United Way of the Flint Hills, Inc.

FINANCIAL STATEMENTS
For the Years Ended December 31, 2017 and 2016

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Agle & Baedert, Chartered

Emporia, Kansas
October 16, 2018

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UNITED WAY OF THE FLINT HILLS, INC.

STATEMENTS OF FINANCIAL POSITION

December 31,

ASSETS

	<u>2017</u>	<u>2016</u>
Current assets		
Cash and cash equivalents	\$ 265,248	\$ 227,422
Certificate of deposits	174,167	174,167
Pledges receivable, net	<u>248,000</u>	<u>447,167</u>
Total current assets	<u>687,415</u>	<u>848,756</u>
Funds held at Emporia Community Foundation	116,697	103,003
Cash restricted for Dolly Parton Imagination Library	28,523	51,002
Capital assets		
Equipment	19,119	19,119
Accumulated depreciation	<u>(16,680)</u>	<u>(15,026)</u>
Net book value of capital assets	<u>2,439</u>	<u>4,093</u>
TOTAL ASSETS	<u>\$ 835,074</u>	<u>\$ 1,006,854</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Other current liabilities	\$ <u>110,314</u>	\$ <u>93,022</u>
Net assets		
Unrestricted	404,594	380,099
Temporarily restricted	<u>320,166</u>	<u>533,733</u>
Total net assets	<u>724,760</u>	<u>913,832</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 835,074</u>	<u>\$ 1,006,854</u>

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

UNITED WAY OF THE FLINT HILLS, INC.

STATEMENTS OF ACTIVITY
For the Year Ended December 31, 2017

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Combined</u>
REVENUE			
Interest income	\$ 1,412	\$ -	\$ 1,412
Other revenue	2,916	-	2,916
Reimbursements	2,248	-	2,248
Unrealized gain/loss	15,321	-	15,321
Bad debt recovery	490	-	490
	<u>22,387</u>	<u>-</u>	<u>22,387</u>
TOTAL REVENUE			
SUPPORT			
Dolly Parton Library	-	16,112	16,112
Contributions	52,494	379,010	431,504
Disaster relief	-	2,080	2,080
	<u>52,494</u>	<u>397,202</u>	<u>449,696</u>
TOTAL SUPPORT			
NET ASSETS RELEASED FROM RESTRICTIONS	<u>610,769</u>	<u>(610,769)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>685,650</u>	<u>(213,567)</u>	<u>472,083</u>
EXPENSES			
Program expenses	540,953	-	540,953
Management and general expenses	68,773	-	68,773
Fund-raising expenses	51,429	-	51,429
	<u>661,155</u>	<u>-</u>	<u>661,155</u>
TOTAL EXPENSES	<u>661,155</u>	<u>-</u>	<u>661,155</u>
Change in net assets	<u>24,495</u>	<u>(213,567)</u>	<u>(189,072)</u>
Net assets, beginning of year	<u>380,099</u>	<u>533,733</u>	<u>913,832</u>
Net assets, end of year	<u>\$ 404,594</u>	<u>\$ 320,166</u>	<u>\$ 724,760</u>

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

UNITED WAY OF THE FLINT HILLS, INC.

STATEMENTS OF ACTIVITY

For the Year Ended December 31, 2016

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Combined</u>
REVENUE			
Interest income	\$ 1,766	\$ -	\$ 1,766
Other revenue	2,620	-	2,620
Reimbursements	3,670	-	3,670
Unrealized gain/loss	<u>6,460</u>	<u>-</u>	<u>6,460</u>
TOTAL REVENUE	<u>14,516</u>	<u>-</u>	<u>14,516</u>
SUPPORT			
Dolly Parton Library	-	10,091	10,091
Contributions	58,027	557,641	615,668
Disaster relief	<u>-</u>	<u>792</u>	<u>792</u>
TOTAL SUPPORT	<u>58,027</u>	<u>568,524</u>	<u>626,551</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>609,444</u>	<u>(609,444)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>681,987</u>	<u>(40,920)</u>	<u>641,067</u>
EXPENSES			
Program expenses	578,613	-	578,613
Management and general expenses	68,996	-	68,996
Fund-raising expenses	<u>52,231</u>	<u>-</u>	<u>52,231</u>
TOTAL EXPENSES	<u>699,840</u>	<u>-</u>	<u>699,840</u>
Change in net assets	<u>(17,853)</u>	<u>(40,920)</u>	<u>(58,773)</u>
Net assets, beginning of year	<u>397,952</u>	<u>574,653</u>	<u>972,605</u>
Net assets, end of year	<u>\$ 380,099</u>	<u>\$ 533,733</u>	<u>\$ 913,832</u>

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

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UNITED WAY OF THE FLINT HILLS, INC.

STATEMENTS OF CASH FLOWS

For the Year Ended December 31,

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (189,072)	\$ (58,773)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,654	1,654
Unrealized (gain)/loss	(15,321)	(6,460)
(Increase) decrease in net pledges receivable	206,611	47,546
Increase (decrease) in allowance for doubtful accounts	(7,444)	1,680
(Increase) decrease in other receivables	-	100
Increase (decrease) in other liabilities	<u>17,292</u>	<u>25,319</u>
Total adjustments	<u>202,792</u>	<u>69,839</u>
Cash provided by (used in) operating activities	<u>13,720</u>	<u>11,066</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of certificate of deposit	-	32,845
(Increase) decrease in investment	<u>24,106</u>	<u>1,891</u>
Cash provided by (used in) investing activities	<u>24,106</u>	<u>34,736</u>
NET INCREASE (DECREASE) IN CASH	37,826	45,802
CASH AND CASH EQUIVALENTS BALANCE - BEGINNING OF YEAR	<u>227,422</u>	<u>181,620</u>
CASH AND CASH EQUIVALENTS BALANCE - END OF YEAR	<u>\$ 265,248</u>	<u>\$ 227,422</u>

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

UNITED WAY OF THE FLINT HILLS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2017

	Fund			
	<u>Raising</u>	<u>M&G</u>	<u>Programs</u>	<u>Total</u>
PERSONNEL EXPENSES				
Salaries and wages	\$ 30,733	\$ 30,734	\$ 30,734	\$ 92,201
Retirement plan match	922	922	922	2,766
Payroll taxes	<u>2,351</u>	<u>2,351</u>	<u>2,351</u>	<u>7,053</u>
Total personnel expenses	<u>34,006</u>	<u>34,007</u>	<u>34,007</u>	<u>102,020</u>
OTHER EXPENSES				
Program allocations	-	-	452,168	452,168
Dolly Parton Imagination Library	-	-	41,191	41,191
Audit and bookkeeping fees	-	16,687	-	16,687
Campaign supplies	3,739	-	-	3,739
Conferences and continuing ed	2,542	2,542	-	5,084
Dues and subscriptions	-	851	7,009	7,860
Equipment repairs and purchases	-	497	-	497
Insurance	-	1,975	-	1,975
Mileage/meals/meetings	1,596	1,596	1,596	4,788
Office supplies	617	617	618	1,852
Postage and shipping	747	748	-	1,495
Printing	1,989	-	-	1,989
Disaster relief	-	-	2,522	2,522
Rent	-	4,680	-	4,680
Software maintenance	1,558	-	-	1,558
Special events	4,190	-	1,397	5,587
Telephone	-	2,919	-	2,919
Website	445	-	445	890
Depreciation	<u>-</u>	<u>1,654</u>	<u>-</u>	<u>1,654</u>
Total other expenses	<u>17,423</u>	<u>34,766</u>	<u>506,946</u>	<u>559,135</u>
TOTAL EXPENSES	<u>\$ 51,429</u>	<u>\$ 68,773</u>	<u>\$ 540,953</u>	<u>\$ 661,155</u>

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

UNITED WAY OF THE FLINT HILLS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2016

	Fund			
	<u>Raising</u>	<u>M&G</u>	<u>Programs</u>	<u>Total</u>
PERSONNEL EXPENSES				
Salaries and wages	\$ 31,056	\$ 31,057	\$ 31,057	\$ 93,170
Retirement plan match	688	689	689	2,066
Payroll taxes	<u>2,376</u>	<u>2,376</u>	<u>2,376</u>	<u>7,128</u>
Total personnel expenses	<u>34,120</u>	<u>34,122</u>	<u>34,122</u>	<u>102,364</u>
 OTHER EXPENSES				
Program allocations	-	-	495,040	495,040
Dolly Parton Imagination Library	-	-	37,354	37,354
Audit and bookkeeping fees	-	16,053	-	16,053
Campaign supplies	3,443	-	-	3,443
Conferences and continuing ed	2,394	2,394	-	4,788
Dues and subscriptions	-	899	6,503	7,402
Equipment repairs	-	601	-	601
Insurance	-	1,908	-	1,908
Mileage/meals/meetings	1,914	1,914	1,914	5,742
Miscellaneous	-	26	-	26
Office supplies	634	634	633	1,901
Postage and shipping	705	704	-	1,409
Printing	1,411	-	-	1,411
Disaster relief	-	-	350	350
Rent	-	4,680	-	4,680
Software maintenance	1,705	-	-	1,705
Special events	4,745	-	1,535	6,280
Strategic planning	666	667	667	2,000
Telephone	-	2,740	-	2,740
Website	494	-	495	989
Depreciation	<u>-</u>	<u>1,654</u>	<u>-</u>	<u>1,654</u>
Total other expenses	<u>18,111</u>	<u>34,874</u>	<u>544,491</u>	<u>597,476</u>
TOTAL EXPENSES	<u>\$ 52,231</u>	<u>\$ 68,996</u>	<u>\$ 578,613</u>	<u>\$ 699,840</u>

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

United Way of the Flint Hills, Inc.

NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The mission of United Way of the Flint Hills, Inc. (the Organization) is to mobilize resources to identify and address human needs within the communities. This is accomplished through annual campaigns in Lyon, Chase, Osage, Coffey, Morris, Greenwood, Woodson and Wabaunsee Counties in Kansas to raise support for allocation to programs which meet these needs.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Net assets of the two restricted classes are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class. As permitted by the statement, the Organization does not use fund accounting.

The financial statements of the organization have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the readers.

Cash and Equivalents

Cash and cash equivalents consist of interest-bearing money market accounts with check writing privileges and certificates of deposit with initial maturity dates of three months or less.

Capital Assets

It is the Organization's policy to capitalize property and equipment over \$500. The capitalized assets are depreciated using the straight-line method over the useful life. Capital assets are reported at cost or estimated historical cost. Maintenance, repairs and renewals, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expenses as incurred. Gains or losses on dispositions of property and equipment are included in income. Depreciation expense for the fiscal years ending December 31, 2017 and 2016 are \$1,654 and \$1,654, respectively.

Income Taxes

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from income taxes under Section 501(a) of the Code.

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10-05 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. This topic prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This topic also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

United Way of the Flint Hills, Inc.

NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The Organization has not identified any uncertainties in federal or state income taxes for any open tax years as of December 31, 2017. The Organization is no longer subject to federal and state tax examinations by tax authorities for years before 2014. No authorities have commenced income tax examinations as of December 31, 2017.

Functional Expenses

Expenses are charged directly to program, fund-raising or management and general categories based on specific identification.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Pledges Receivable

Pledges receivable are shown net of an allowance for doubtful accounts of \$35,961 for 2017 and \$43,406 for 2016. The allowance for doubtful accounts is calculated based on prior experience with uncollectible accounts. All accounts receivable are expected to be collected within one year.

Investments

In accordance with FASB ASC 958, investments are reported at their fair values based on quoted prices in active markets (all Level 1 measurements) in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Investments are held in certificates of deposit and pooled investments at the Emporia Community Foundation.

The funds held at the Emporia Community Foundations are held in a designated fund. The funds are invested in a pooled fund. The foundation records the income and gains and losses. The foundation also charges a fee for this service. The designated fund is adjusted for its allocated share of the pooled fund's income, gains or losses, and fees. In addition, the unrealized gains or losses are recorded. All funds held at the Emporia Community Foundation in this fund are designated for the use of the United Way of the Flint Hills.

Fair Value Measurement

On January 1, 2008, the Organization adopted ASC 820-10-05, *Fair Value Measurements*, which was issued by the FASB in September 2006. For financial statement elements currently required to be measured at fair value, FASB ASC 820-10-05 redefines fair value, establishes a framework for measuring fair value under U.S. Generally Accepted Accounting Principles (GAAP) and enhances disclosures about fair value measurements. The new definition of fair value focuses on the price that would be received to sell the asset or paid to transfer the liability regardless of whether an observable liquid market price existed (an exit price). An exit price valuation will include margins for risk even if they are not observable.

As the Organization is released from risk, the margins for risk will also be released through net realized capital gains (losses) in net income. FASB ASC 820-10-05 provides guidance on how to measure fair value, when required, under existing accounting standards. FASB ASC 820-10-05 establishes a fair value hierarchy

United Way of the Flint Hills, Inc.

NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fair Value Measurement - continued

that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels (Level 1, 2 and 3).

The following disclosure applies the FASB ASC 820-10-05 fair value hierarchy and disclosure requirements to the Organization's financial instruments that are carried at fair value:

Level 1: Quoted prices (unadjusted or identical assets or liabilities in active markets) that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an organization's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Advertising

Costs are expensed as incurred. Advertising expense was \$0 and \$0 for 2017 and 2016, respectively.

Revenue Recognition

The organization has adopted FASB ASC 605. In accordance with FASB ASC 605, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. They are then reclassified to unrestricted net assets upon expiration of time restrictions or upon meeting program requirements.

II. CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances in several banks. Accounts in all institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization transfers funds as necessary between banks so that full insurance coverage is maintained on all accounts. All accounts were fully secured by FDIC as of December 31, 2017 and 2016.

III. COMPENSATED ABSENCES

The Organization's policy regarding vacations allows full-time employees ten paid vacation days annually. Employees are not eligible to use vacation time before completing one year of full-time service. Employees are not allowed to carry over unused vacation time. Unused vacation time is paid at an employee's termination. According to the Organizations policy, after six months of full-time service, employees are entitled to five paid sick leave days annually. Sick leave may not accumulate. The Organization's policy is to recognize such benefits when paid.

United Way of the Flint Hills, Inc.

NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

IV. DESIGNATED AND RESTRICTED NET ASSETS

It is the policy of the Board of Directors to annually review the allocation of pledges to supported programs and the pledges receivable to fund those allocations. The Board has designated net assets to provide a funding resource for those years that pledges collected do not satisfy program funding obligations. The designation of net assets is non-binding and may be rescinded by the Board of Directors at any time. Designated net assets balance as of December 31 are as follows:

<i>December 31,</i>	<u>2017</u>	<u>2016</u>
Designated Net Assets	\$ 295,202	\$ 289,802

Annually, the Organization solicits pledges to provide funding for programs in the following year. All pledges are restricted to use during the period for which they are solicited. Temporarily restricted net assets are available for the following purposes:

Temporarily Restricted Net Assets

Temporarily restricted net assets were restricted for the following purposes:

<i>December 31,</i>	<u>2017</u>	<u>2016</u>
Time restriction: Pledges for program allocations	\$ 281,381	\$ 477,741
Dolly Parton Imagination Library	38,785	55,550
Disaster Relief Fund	-	442
Total Temporarily Restricted Net Assets	<u>320,166</u>	<u>533,733</u>

Net Assets Released from Restrictions

Temporarily restricted net assets released from restrictions were:

<i>December 31,</i>	<u>2017</u>	<u>2016</u>
Expiration of time restriction: Pledges for program allocations	\$ 575,812	\$ 579,451
Dolly Parton Imagination Library	32,877	30,343
Disaster Relief Fund	2,080	(350)
Net Assets Released from Restrictions	<u>610,769</u>	<u>609,444</u>

V. PROMISES TO GIVE/PLEDGES

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Conditional promises to give are not included as support until such time as the conditions are substantially met.

United Way of the Flint Hills, Inc.

NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

V. PROMISES TO GIVE/PLEDGES - continued

<i>December 31,</i>	<u>2017</u>	<u>2016</u>
Amounts Due in:		
Less than one year	\$ 275,361	\$ 467,500
Year or more, net of discounts of \$0 and \$127 for 2017 and 2016, respectively		
2017	-	14,473
2018	8,600	8,600
Total	<u>8,600</u>	<u>23,073</u>
Total contributions receivable	283,961	490,573
Less: allowance for doubtful accounts	<u>35,961</u>	<u>43,406</u>
Pledges receivable, net	<u>248,000</u>	<u>447,167</u>

VI. DONATED MATERIALS AND SERVICES

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. No property or equipment that was material to the financial statements was received in 2017 or 2016.

The Organization receives a significant amount of donated services from unpaid volunteers who assist in the fund-raising campaign. No amount for these services has been recognized in the statement of activities because criteria for recognition under generally accepted accounting principles have not been satisfied.

VII. AFFILIATED ORGANIZATIONS

The Organization is affiliated with United Way Worldwide. The local chapter is subject to the policy-making decisions and by-laws of the national organization. The Organization paid dues of \$7,009 and \$6,503 in 2017 and 2016, respectively, to United Way Worldwide. That amount is subject to change at the discretion of the national board.

VIII. RETIREMENT PLAN

The Organization provides a tax-sheltered annuity plan under Section 403(b) of the Code. Under the provisions of the plan, eligible employees may elect to defer a portion of their salary for contribution to the plan. The Organization does not contribute to the plan. Mutual fund shares held in custodial accounts fund the annuities. Retirement benefits are based upon the balance in the account at retirement.

Beginning January, 2016 the Organization implemented a Simple IRA with a 3% match for all employees. The cost of the match to the Organization was \$2,766 and \$2,066 in 2017 and 2016, respectively. The Simple IRA funds are held with Edward Jones.

United Way of the Flint Hills, Inc.

NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

IX. RENTAL AGREEMENTS

The Organization entered into an open-ended operating lease agreement for its current office facilities with Inno-Vest. Terms of the lease call for monthly payments of \$390 for 2017 and 2016, for a total of \$4,680 per year.

X. FUNCTIONAL EXPENSE ALLOCATION

The costs of providing various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

XI. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 16, 2018, the date these statements were available to be issued. On January 16, 2018, the organization received pledges from Wolf Creek that totaled \$181,650.01. On February 6, 2018, additional pledges of \$7,206.00 were received from Wolf Creek. The total pledges from Wolf Creek had been received in December in prior years. The delay in the receipt of the pledges affected the comparability of the statements.

XII. FAIR VALUE MEASUREMENTS

The fair value certificates of deposit held at various banks are the actual cash values on the balance sheet date. Fair values of assets measured on a recurring basis at December 31, are as follows:

	Fair Value	Assets (Level 1)	Inputs (Level 2)	Inputs (Level 3)
December 31, 2017				
Emporia Community Foundation	\$ 116,697	\$ -	\$ 116,697	\$ -
December 31, 2016				
Emporia Community Foundation	\$ 103,003	\$ -	\$ 103,003	\$ -

The values are adjusted by the Emporia Community Foundation. The funds are held in a designated fund that is invested in a pooled investment fund. The Foundation records the income from the investments for income tax purposes. The income is allocated among all of the funds invested in the pooled investment. The designated fund is charged a fee for the investment services that reduces the fund.