

UNITED WAY OF THE FLINT HILLS, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

December 31, 2018 and 2017

United Way of the Flint Hills, Inc.

FINANCIAL STATEMENTS
For the Years Ended December 31, 2018 and 2017

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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 statements of financial position as of December 31, 2018 and 2017, 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 audits. We conducted our audits 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. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Agler & Gaeddert, Chartered

Emporia, Kansas
August 16, 2019



UNITED WAY OF THE FLINT HILLS, INC.

STATEMENTS OF FINANCIAL POSITION

December 31,

ASSETS

	2018	2017
Current assets		
Cash and cash equivalents	\$ 321,900	\$ 293,771
Certificates of deposit with maturity date less than one year	131,605	124,020
Pledges receivable, net	355,029	248,000
Total current assets	808,534	665,791
Funds held at Emporia Community Foundation	108,809	116,697
Capital assets		
Equipment	19,119	19,119
Accumulated depreciation	(18,222)	(16,680)
Net book value of capital assets	897	2,439
Other assets		
Long-term receivable	10,000	-
Certificate of deposit with maturity date greater than one year	42,562	50,147
	52,562	50,147
TOTAL ASSETS	\$ 970,802	\$ 835,074

LIABILITIES AND NET ASSETS

Current liabilities		
Other current liabilities	\$ 97,321	\$ 110,314
Net assets		
Without donor restrictions	404,888	404,594
With donor restrictions	468,593	320,166
Total net assets	873,481	724,760
TOTAL LIABILITIES AND NET ASSETS	\$ 970,802	\$ 835,074

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, 2018

	Without Donor Restrictions	With Donor Restrictions	Combined
REVENUE			
Interest income	\$ 1,705	\$ -	\$ 1,705
Other revenue	2,546	-	2,546
Reimbursements	2,106	-	2,106
Investment return, net	(7,888)	-	(7,888)
Bad debt recovery	978	-	978
TOTAL REVENUE	(553)	-	(553)
SUPPORT			
Dolly Parton Library	-	142,483	142,483
Contributions	54,673	569,778	624,451
Disaster relief	-	4,585	4,585
TOTAL SUPPORT	54,673	716,846	771,519
NET ASSETS RELEASED FROM RESTRICTIONS	568,419	(568,419)	-
TOTAL REVENUE AND SUPPORT	622,539	148,427	770,966
EXPENSES			
Program expenses	511,225	-	511,225
Management and general expenses	63,907	-	63,907
Fund-raising expenses	47,113	-	47,113
TOTAL EXPENSES	622,245	-	622,245
Change in net assets	294	148,427	148,721
Net assets, beginning of year	404,594	320,166	724,760
Net assets, end of year	\$ 404,888	\$ 468,593	\$ 873,481

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

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Combined</u>
REVENUE			
Interest income	\$ 1,412	\$ -	\$ 1,412
Other revenue	2,916	-	2,916
Reimbursements	2,248	-	2,248
Investment return, net	13,694	-	13,694
Bad debt recovery	<u>490</u>	<u>-</u>	<u>490</u>
TOTAL REVENUE	20,760	-	20,760
SUPPORT			
Dolly Parton Library	-	16,112	16,112
Contributions	52,494	379,010	431,504
Disaster relief	<u>-</u>	<u>2,080</u>	<u>2,080</u>
TOTAL SUPPORT	52,494	397,202	449,696
NET ASSETS RELEASED FROM RESTRICTIONS	<u>610,769</u>	<u>(610,769)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	684,023	(213,567)	470,456
EXPENSES			
Program expenses	540,953	-	540,953
Management and general expenses	67,146	-	67,146
Fund-raising expenses	<u>51,429</u>	<u>-</u>	<u>51,429</u>
TOTAL EXPENSES	<u>659,528</u>	<u>-</u>	<u>659,528</u>
Change in net assets	24,495	(213,567)	(189,072)
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.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2018

	Fund			
	<u>Raising</u>	<u>M&G</u>	<u>Programs</u>	<u>Total</u>
PERSONNEL EXPENSES				
Salaries and wages	\$ 29,438	\$ 35,136	\$ 30,388	\$ 94,962
Retirement plan match	883	1,054	912	2,849
Payroll taxes	<u>2,252</u>	<u>2,688</u>	<u>2,325</u>	<u>7,265</u>
Total personnel expenses	<u>32,573</u>	<u>38,878</u>	<u>33,625</u>	<u>105,076</u>
OTHER EXPENSES				
Program allocations	-	-	416,475	416,475
Dolly Parton Imagination Library	-	-	42,990	42,990
Audit and bookkeeping fees	-	15,697	-	15,697
Campaign supplies	3,675	-	649	4,324
Conferences and continuing ed	521	538	521	1,580
Dues and subscriptions	550	550	5,955	7,055
Equipment repairs and purchases	152	152	152	456
Insurance	658	659	658	1,975
Mileage/meals/meetings	1,355	1,617	1,399	4,371
Miscellaneous	-	-	100	100
Office supplies	918	918	918	2,754
Postage and shipping	327	328	327	982
Printing	317	317	316	950
Disaster relief	-	-	1,585	1,585
Rent	1,560	1,560	1,560	4,680
Software maintenance	1,602	-	-	1,602
Special events	1,390	-	2,482	3,872
Strategic planning	-	162	-	162
Telephone	989	989	988	2,966
Website	526	-	525	1,051
Depreciation	<u>-</u>	<u>1,542</u>	<u>-</u>	<u>1,542</u>
Total other expenses	<u>14,540</u>	<u>25,029</u>	<u>477,600</u>	<u>517,169</u>
TOTAL EXPENSES	<u>\$ 47,113</u>	<u>\$ 63,907</u>	<u>\$ 511,225</u>	<u>\$ 622,245</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	-	15,060	-	15,060
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	-	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>33,139</u>	<u>506,946</u>	<u>557,508</u>
TOTAL EXPENSES	<u>\$ 51,429</u>	<u>\$ 67,146</u>	<u>\$ 540,953</u>	<u>\$ 659,528</u>

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

UNITED WAY OF THE FLINT HILLS, INC.

STATEMENTS OF CASH FLOWS

For the Year Ended December 31,

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 148,721	\$ (189,072)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,542	1,654
Unrealized (gain)/loss	6,125	(15,321)
(Increase) decrease in net pledges receivable	(106,851)	206,611
Increase (decrease) in allowance for doubtful accounts	(178)	(7,444)
(Increase) decrease in long-term receivables	(10,000)	-
Increase (decrease) in other liabilities	(12,993)	17,292
Total adjustments	<u>(122,355)</u>	<u>202,792</u>
Cash provided by (used in) operating activities	<u>26,366</u>	<u>13,720</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in investment	<u>1,763</u>	<u>1,627</u>
Cash provided by (used in) investing activities	<u>1,763</u>	<u>1,627</u>
NET INCREASE (DECREASE) IN CASH	28,129	15,347
CASH AND CASH EQUIVALENTS BALANCE - BEGINNING OF YEAR	<u>293,771</u>	<u>278,424</u>
CASH AND CASH EQUIVALENTS BALANCE - END OF YEAR	\$ <u><u>321,900</u></u>	\$ <u><u>293,771</u></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, 2018 and 2017

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 served. 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 two classes of net assets:

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. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

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 that the funds be maintained in perpetuity.

Reclassification of Net Assets

Certain prior year amounts have been reclassified to conform to the current year presentation, as shown below.

	Without Donor Restrictions	With Donor Restrictions	Total
Unrestricted	\$ 404,594	\$ -	\$ 404,594
Temporarily Restricted	-	320,166	320,166
Permanently Restricted	-	-	-
Total	\$ 404,594	\$ 320,166	\$ 724,760

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.

Restatement of Cash

Prior to 2018, the statement of financial position separately stated a certain amount of cash as 'Cash restricted for Dolly Parton Imagination Library.' Due to the absence of specific donor restrictions, the prior year has been restated to include this amount in cash and cash equivalents, as shown below:

	As originally stated	Add DPIL cash	As restated
Cash and cash equivalents	\$265,248	\$28,523	\$293,771

United Way of the Flint Hills, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Restatement of Certificates of Deposit

Prior to 2018, the statement of financial position showed all certificates of deposit as current assets. The prior year has been restated to correctly report certificates of deposit with maturity dates greater than one year as non-current assets, as shown below:

	As originally stated	Maturity date less than one year	Maturity date greater than one year
Certificates of deposit	\$174,167	\$124,020	\$50,147

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, 2018 and 2017 is \$1,542 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 de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

The Organization has not identified any uncertainties in federal or state income taxes for any open tax years as of December 31, 2018. The Organization is no longer subject to federal and state tax examinations by tax authorities for years before 2015. No authorities have commenced income tax examinations as of December 31, 2018.

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.

United Way of the Flint Hills, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Pledges Receivable

Pledges receivable are shown net of an allowance for doubtful accounts of \$35,783 for 2018 and \$35,961 for 2017. The allowance for doubtful accounts is calculated based on the Organization's 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 net assets without donor restrictions 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 Foundation 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 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.

United Way of the Flint Hills, Inc.

NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Advertising

Costs are expensed as incurred. Advertising expense was \$0 and \$0 for 2018 and 2017, respectively.

Revenue Recognition

The Organization has adopted FASB ASC 605. In accordance with FASB ASC 605, contributions received are recorded as support with or without donor restrictions depending on the existence or nature of any donor restrictions. They are then reclassified to net assets without donor restrictions 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, 2018 and 2017.

III. LONG-TERM RECEIVABLE

On August 10, 2018, the Organization loaned \$10,000 to Plumb Place at 0% interest to be repaid in 36 monthly installments of \$277.77 from January 2, 2019 through December 1, 2021. The balance receivable on the loan is reported at original cost.

IV. 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 Organization's 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.

V. 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 \$5,955 and \$7,009 in 2018 and 2017, respectively, to United Way Worldwide. That amount is subject to change at the discretion of the national board.

VI. RELATED PARTY TRANSACTIONS

The Organization participated in two related party transactions during 2018. KVOE was paid \$645 for fundraising during the year. Ron Thomas, board member, is the manager of Emporia's Radio Stations (KVOE). ESB Financial is the banking institution for the Organization's main checking and savings accounts. Kim Parks, who sits on the finance committee, is an employee of ESB Financial.

United Way of the Flint Hills, Inc.

NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

VII. 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 \$2,849 and \$2,766 in 2018 and 2017, respectively. The Simple IRA funds are held with Edward Jones.

VIII. 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 2018 and 2017, for a total of \$4,680 per year.

IX. 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 net assets with donor restrictions to net assets without donor restrictions at that time. No property or equipment that was material to the financial statements was received in 2018 or 2017.

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.

United Way of the Flint Hills, Inc.

NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

X. AVAILABILITY AND LIQUIDITY

As of December 31, 2018 and 2017, the Organization has net working capital of \$711,213 and \$555,477, respectively, and average days (based on normal expenditures) cash on hand of 189 and 163, respectively. The Organization's goal is to maintain financial assets sufficient to cover expenditures for 4 to 6 months, based on recommendations from United Way Worldwide. At no point during 2018 or 2017 did the Organization need to access funds held in reserve as certificates of deposit or with the Emporia Community Foundation to meet operating needs. The following represents the Organization's financial assets at December 31, 2018 and 2017:

	2018	2017
Financial assets at year end:		
Cash and cash equivalents	\$ 321,900	\$ 293,771
Certificates of deposit	174,167	174,167
Pledges receivable, net	355,029	248,000
Long-term receivables	10,000	-
Funds held at Emporia Community Foundation	108,809	116,697
Total financial assets	969,905	832,635
Less amounts not available to be used within one year:		
Net assets with donor restrictions	468,593	320,166
Less net assets with time restrictions to be met in less than one year	317,391	281,381
Financial assets not available to be used within one year	151,202	38,785
Financial assets available to meet general expenditures over the next twelve months	\$ 818,703	\$ 793,850

The Organization has certain board-designated assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the information above as financial assets available to meet general expenditures within one year.

United Way of the Flint Hills, Inc.

NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

XI. 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>2018</u>	<u>2017</u>
Designated Net Assets	\$ 282,975	\$ 295,202

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. Net assets with donor restrictions are available for the following purposes:

Net Assets With Donor Restrictions

Net assets were restricted for the following purposes:

<i>December 31,</i>	<u>2018</u>	<u>2017</u>
Time restriction: Pledges for program allocations	\$ 317,391	\$ 281,381
Dolly Parton Imagination Library	148,202	38,785
Disaster Relief Fund	<u>3,000</u>	<u>0</u>
Total Net Assets With Donor Restrictions	<u>\$ 468,593</u>	<u>\$ 320,166</u>

Net Assets Released from Restrictions

Net assets released from restrictions were:

<i>December 31,</i>	<u>2018</u>	<u>2017</u>
Expiration of time restriction: Pledges for program allocations	\$ 533,768	\$ 575,812
Dolly Parton Imagination Library	33,066	32,877
Disaster Relief Fund	<u>1,585</u>	<u>2,080</u>
Net Assets Released from Restrictions	<u>\$ 568,419</u>	<u>\$ 610,769</u>

United Way of the Flint Hills, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

XII. PROMISES TO GIVE/PLEDGES

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

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.

As of December 31, 2018 and 2017, contributions receivable consisted of the following:

<i>December 31,</i>	<u>2018</u>	<u>2017</u>
Time restricted amounts due in less than one year	\$ 274,819	\$ 275,361
Less: allowance for doubtful accounts	<u>35,783</u>	<u>35,961</u>
Total time restricted	239,036	239,400
Use restricted amounts due in one year or more		
2018	-	8,600
2019	27,000	-
2020	27,000	-
2021	27,000	-
2022	27,000	-
2023	<u>11,000</u>	<u>-</u>
Total	119,000	8,600
Less 1.5% present value discount	<u>3,007</u>	<u>0</u>
Total use restricted	<u>115,993</u>	<u>8,600</u>
Pledges receivable, net	<u>\$ 355,029</u>	<u>\$ 248,000</u>

Amounts described above as use restricted promises to give have been restricted by the donors to fund the operation of the Dolly Parton Imagination Library.

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December 31, 2018 and 2017

XIII. FAIR VALUE MEASUREMENTS

The fair value of 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, 2018				
Emporia Community Foundation	\$ 108,809	\$ -	\$ 108,809	\$ -
December 31, 2017				
Emporia Community Foundation	\$ 116,697	\$ -	\$ 116,697	\$ -

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.

XIV. FUNCTIONAL EXPENSE ALLOCATION

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

For 2018, the expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and benefits	Time and effort
Program allocations	Specifically attributed to programs
Dolly Parton Imagination Library	Specifically attributed to programs
Audit and bookkeeping fees	Specifically attributed to M&G
Campaign supplies	Scope and amount of work performed
Conferences and continuing education	Scope and amount of work performed
Dues and subscriptions	Specific identification
Equipment repairs and purchases	Scope and amount of work performed
Insurance	Scope and amount of work performed
Mileage/meals/meeting	Time and effort
Miscellaneous	Specifically attributed based on function
Office supplies	Scope and amount of work performed
Postage and shipping	Scope and amount of work performed
Printing	Scope and amount of work performed
Disaster relief	Specifically attributed to programs
Rent	Scope and amount of work performed
Software maintenance	Specifically attributed to fundraising
Special events	Scope and amount of work performed
Strategic planning	Specifically attributed to M&G
Telephone	Scope and amount of work performed
Website	Scope and amount of work performed
Depreciation	Scope and amount of work performed

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XIV. FUNCTIONAL EXPENSE ALLOCATION – continued

For 2017 and prior years, functional expenses were allocated as follows:

Expense	Method of Allocation
Salaries and benefits	Time and effort
Program allocations	Specifically attributed to programs
Dolly Parton Imagination Library	Specifically attributed to programs
Audit and bookkeeping fees	Specifically attributed to M&G
Campaign supplies	Specifically attributed to fundraising
Conferences and continuing ed.	Split equally between fundraising and M&G
Dues and subscriptions	United Way Worldwide dues specifically attributed to programs, other dues attributed to M&G
Equipment repairs and purchases	Specifically attributed to M&G
Insurance	Specifically attributed to M&G
Mileage/meals/meetings	Split equally between fundraising, M&G, and programs
Office supplies	Split equally between fundraising, M&G, and programs
Postage and shipping	Split equally between fundraising and M&G
Printing	Specifically attributed to fundraising
Disaster relief	Specifically attributed to programs
Rent	Specifically attributed to M&G
Software maintenance	Specifically attributed to fundraising
Special events	Specifically attributed by event
Telephone	Specifically attributed to M&G
Website	Split equally between fundraising and programs
Depreciation	Specifically attributed to M&G

XV. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 16, 2019, the date these statements were available to be issued.

On January 4, 2019, the Organization received pledges from Wolf Creek Nuclear Operating Corporation that totaled \$150,162.40. In years prior to 2017, these pledges were received and recorded in December. The delay in the receipt of the pledges did not affect the comparability of these statements, since the receipt was delayed for both 2018 and 2017. The delay in recording of the pledges affects both the receivables and the contributions.

No additional subsequent events that required disclosure were noted.