

**UNITED WAY OF THE FLINT HILLS, INC.**

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT

December 31, 2020 and 2019



**United Way of the Flint Hills, Inc.**

**FINANCIAL STATEMENTS**  
For the Years Ended December 31, 2020 and 2019

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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, 2020 and 2019, 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. as of December 31, 2020 and 2019, 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.

*Harold K. Mayes Jr.*

Harold K. Mayes Jr CPA  
Agler & Gaeddert, Chartered  
Emporia, Kansas  
October 18, 2021  
Revised March 11, 2022

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# UNITED WAY OF THE FLINT HILLS, INC.

## STATEMENTS OF FINANCIAL POSITION

December 31,

### ASSETS

|   | <u>2020</u>       | <u>2019</u>       |
|---|-------------------|-------------------|
| <b>Current assets</b>   |                   |                   |
| Cash and cash equivalents                                       | \$ 330,737        | \$ 296,506        |
| Certificates of deposit with maturity date less than one year   | 139,043           | 93,225            |
| Other receivables   | 3,645             | 0                 |
| Pledges receivable, net   | <u>301,785</u>    | <u>301,460</u>    |
| <b>Total current assets</b>                                     | <u>775,210</u>    | <u>691,191</u>    |
| <b>Funds held at Emporia Community Foundation</b>               | <u>143,268</u>    | <u>129,153</u>    |
| <b>Capital assets</b>   |                   |                   |
| Equipment   | 19,119            | 19,119            |
| Accumulated depreciation  | <u>(19,119)</u>   | <u>(19,021)</u>   |
| <b>Net book value of capital assets</b>                         | <u>0</u>          | <u>98</u>         |
| <b>Other assets</b>   |                   |                   |
| Long-term receivable  | 0                 | 7,500             |
| Certificate of deposit with maturity date greater than one year | <u>76,548</u>     | <u>121,550</u>    |
|   | <u>76,548</u>     | <u>129,050</u>    |
| <b>TOTAL ASSETS</b>   | <u>\$ 995,026</u> | <u>\$ 949,492</u> |

### LIABILITIES AND NET ASSETS

|   |                   |                   |
|---|-------------------|-------------------|
| <b>Current liabilities</b>              |                   |                   |
| Other current liabilities               | \$ <u>113,996</u> | \$ <u>104,258</u> |
| <b>Net assets</b>                       |                   |                   |
| Without donor restrictions              | 451,235           | 430,240           |
| With donor restrictions                 | <u>429,795</u>    | <u>414,994</u>    |
| <b>Total net assets</b>                 | <u>881,030</u>    | <u>845,234</u>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <u>\$ 995,026</u> | <u>\$ 949,492</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, 2020

|  | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | Combined          |
|--|----------------------------------|-------------------------------|-------------------|
| <b>REVENUE</b>                               |                                  |                               |                   |
| Interest income                              | \$ 2,890                         | \$ 0                          | \$ 2,890          |
| Grant Revenue                                | 20,400                           | 0                             | 20,400            |
| Other revenue                                | 23                               | 0                             | 23                |
| Reimbursements                               | 782                              | 0                             | 782               |
| Investment return, net                       | <u>14,115</u>                    | <u>0</u>                      | <u>14,115</u>     |
| <b>TOTAL REVENUE</b>                         | <u>38,210</u>                    | <u>0</u>                      | <u>38,210</u>     |
| <b>SUPPORT</b>                               |                                  |                               |                   |
| Dolly Parton Library                         | 0                                | 32,559                        | 32,559            |
| Contributions                                | 54,962                           | 524,244                       | 579,206           |
| Disaster relief                              | <u>0</u>                         | <u>24,192</u>                 | <u>24,192</u>     |
| <b>TOTAL SUPPORT</b>                         | <u>54,962</u>                    | <u>580,995</u>                | <u>635,957</u>    |
| <b>NET ASSETS RELEASED FROM RESTRICTIONS</b> | <u>566,194</u>                   | <u>(566,194)</u>              | <u>0</u>          |
| <b>TOTAL REVENUE AND SUPPORT</b>             | <u>659,366</u>                   | <u>14,801</u>                 | <u>674,167</u>    |
| <b>EXPENSES</b>                              |                                  |                               |                   |
| Program expenses                             | 527,070                          | 0                             | 527,070           |
| Management and general expenses              | 62,943                           | 0                             | 62,943            |
| Fund-raising expenses                        | <u>48,358</u>                    | <u>0</u>                      | <u>48,358</u>     |
| <b>TOTAL EXPENSES</b>                        | <u>638,371</u>                   | <u>0</u>                      | <u>638,371</u>    |
| <b>Change in net assets</b>                  | 20,995                           | 14,801                        | 35,796            |
| <b>Net assets, beginning of year</b>         | <u>430,240</u>                   | <u>414,994</u>                | <u>845,234</u>    |
| <b>Net assets, end of year</b>               | <u>\$ 451,235</u>                | <u>\$ 429,795</u>             | <u>\$ 881,030</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, 2019

|  | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | Combined                 |
|--|----------------------------------|-------------------------------|--------------------------|
| <b>REVENUE</b>                               |                                  |                               |                          |
| Interest income                              | \$ 2,493                         | \$ 0                          | \$ 2,493                 |
| Other revenue                                | 4,326                            | 0                             | 4,326                    |
| Reimbursements                               | 3,063                            | 0                             | 3,063                    |
| Investment return, net                       | <u>20,344</u>                    | <u>0</u>                      | <u>20,344</u>            |
| <b>TOTAL REVENUE</b>                         | <u>30,226</u>                    | <u>0</u>                      | <u>30,226</u>            |
| <b>SUPPORT</b>                               |                                  |                               |                          |
| Dolly Parton Library                         | 0                                | 17,889                        | 17,889                   |
| Contributions                                | <u>55,883</u>                    | <u>489,724</u>                | <u>545,607</u>           |
| <b>TOTAL SUPPORT</b>                         | <u>55,883</u>                    | <u>507,613</u>                | <u>563,496</u>           |
| <b>NET ASSETS RELEASED FROM RESTRICTIONS</b> | <u>561,212</u>                   | <u>(561,212)</u>              | <u>0</u>                 |
| <b>TOTAL REVENUE AND SUPPORT</b>             | <u>647,321</u>                   | <u>(53,599)</u>               | <u>593,722</u>           |
| <b>EXPENSES</b>                              |                                  |                               |                          |
| Program expenses                             | 507,957                          | 0                             | 507,957                  |
| Management and general expenses              | 62,868                           | 0                             | 62,868                   |
| Fund-raising expenses                        | <u>51,144</u>                    | <u>0</u>                      | <u>51,144</u>            |
| <b>TOTAL EXPENSES</b>                        | <u>621,969</u>                   | <u>0</u>                      | <u>621,969</u>           |
| <b>Change in net assets</b>                  | 25,352                           | (53,599)                      | (28,247)                 |
| <b>Net assets, beginning of year</b>         | <u>404,888</u>                   | <u>468,593</u>                | <u>873,481</u>           |
| <b>Net assets, end of year</b>               | <u><u>\$ 430,240</u></u>         | <u><u>\$ 414,994</u></u>      | <u><u>\$ 845,234</u></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, 2020

|                                  | <u>Fund</u>      |                  |                   |                   |
|----------------------------------|------------------|------------------|-------------------|-------------------|
|                                  | <u>Raising</u>   | <u>M&amp;G</u>   | <u>Programs</u>   | <u>Total</u>      |
| <b>PERSONNEL EXPENSES</b>        |                  |                  |                   |                   |
| Salaries and wages               | \$ 30,346        | \$ 36,220        | \$ 31,325         | \$ 97,891         |
| Retirement plan match            | 376              | 448              | 388               | 1,212             |
| Payroll taxes                    | <u>2,322</u>     | <u>2,771</u>     | <u>2,396</u>      | <u>7,489</u>      |
| <b>Total personnel expenses</b>  | <u>33,044</u>    | <u>39,439</u>    | <u>34,109</u>     | <u>106,592</u>    |
| <b>OTHER EXPENSES</b>            |                  |                  |                   |                   |
| Program allocations              | 0                | 0                | 433,149           | 433,149           |
| Dolly Parton Imagination Library | 0                | 0                | 42,342            | 42,342            |
| Audit and bookkeeping fees       | 0                | 15,194           | 0                 | 15,194            |
| Advertising                      | 2,100            | 2,100            | 0                 | 4,200             |
| Campaign supplies                | 4,381            | 0                | 773               | 5,154             |
| Dues and subscriptions           | 365              | 366              | 7,621             | 8,352             |
| Equipment repairs and purchases  | 1,227            | 1,227            | 1,227             | 3,681             |
| Insurance                        | 729              | 730              | 729               | 2,188             |
| Mileage/meals/meetings           | 613              | 732              | 633               | 1,978             |
| Miscellaneous                    | 0                | 13               | 0                 | 13                |
| Office supplies                  | 321              | 321              | 321               | 963               |
| Postage and shipping             | 221              | 221              | 221               | 663               |
| Printing                         | 117              | 117              | 118               | 352               |
| Disaster relief                  | 0                | 0                | 2,800             | 2,800             |
| Rent                             | 1,338            | 1,338            | 1,339             | 4,015             |
| Software maintenance             | 1,905            | 0                | 0                 | 1,905             |
| Special events                   | 460              | 0                | 153               | 613               |
| Telephone                        | 1,047            | 1,047            | 1,046             | 3,140             |
| Website                          | 490              | 0                | 489               | 979               |
| Depreciation                     | <u>0</u>         | <u>98</u>        | <u>0</u>          | <u>98</u>         |
| <b>Total other expenses</b>      | <u>15,314</u>    | <u>23,504</u>    | <u>492,961</u>    | <u>531,779</u>    |
| <b>TOTAL EXPENSES</b>            | <u>\$ 48,358</u> | <u>\$ 62,943</u> | <u>\$ 527,070</u> | <u>\$ 638,371</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, 2019

|                                  | Fund             |                  |                   |                   |
|----------------------------------|------------------|------------------|-------------------|-------------------|
|                                  | <u>Raising</u>   | <u>M&amp;G</u>   | <u>Programs</u>   | <u>Total</u>      |
| <b>PERSONNEL EXPENSES</b>        |                  |                  |                   |                   |
| Salaries and wages               | \$ 29,505        | \$ 35,216        | \$ 30,458         | \$ 95,179         |
| Retirement plan match            | 822              | 981              | 847               | 2,650             |
| Payroll taxes                    | <u>2,257</u>     | <u>2,694</u>     | <u>2,330</u>      | <u>7,281</u>      |
| <b>Total personnel expenses</b>  | <u>32,584</u>    | <u>38,891</u>    | <u>33,635</u>     | <u>105,110</u>    |
| <b>OTHER EXPENSES</b>            |                  |                  |                   |                   |
| Program allocations              | 0                | 0                | 413,199           | 413,199           |
| Dolly Parton Imagination Library | 0                | 0                | 41,947            | 41,947            |
| Audit and bookkeeping fees       | 0                | 14,493           | 0                 | 14,493            |
| Advertising                      | 346              | 346              | 0                 | 692               |
| Campaign supplies                | 4,562            | 0                | 805               | 5,367             |
| Conferences and continuing ed    | 1,553            | 1,600            | 1,553             | 4,706             |
| Dues and subscriptions           | 544              | 544              | 5,955             | 7,043             |
| Equipment repairs                | 167              | 167              | 166               | 500               |
| Insurance                        | 664              | 665              | 664               | 1,993             |
| Mileage/meals/meetings           | 1,372            | 1,637            | 1,416             | 4,425             |
| Miscellaneous                    | 0                | 0                | 202               | 202               |
| Office supplies                  | 495              | 495              | 495               | 1,485             |
| Postage and shipping             | 423              | 423              | 423               | 1,269             |
| Printing                         | 331              | 331              | 332               | 994               |
| Disaster relief                  | 0                | 0                | 2,700             | 2,700             |
| Rent                             | 1,560            | 1,560            | 1,560             | 4,680             |
| Software maintenance             | 1,583            | 0                | 0                 | 1,583             |
| Special events                   | 3,081            | 0                | 1,027             | 4,108             |
| Telephone                        | 917              | 917              | 916               | 2,750             |
| Website                          | 962              | 0                | 962               | 1,924             |
| Depreciation                     | <u>0</u>         | <u>799</u>       | <u>0</u>          | <u>799</u>        |
| <b>Total other expenses</b>      | <u>18,560</u>    | <u>23,977</u>    | <u>474,322</u>    | <u>516,859</u>    |
| <b>TOTAL EXPENSES</b>            | <u>\$ 51,144</u> | <u>\$ 62,868</u> | <u>\$ 507,957</u> | <u>\$ 621,969</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>2020</u>       | <u>2019</u>       |
|---|-------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                   |                   |
| Change in net assets  | \$ 35,796         | \$ (28,247)       |
| Adjustments to reconcile change in net assets to<br>net cash provided by operating activities |                   |                   |
| Depreciation  | 98                | 799               |
| Unrealized (gain)/loss  | (16,008)          | (22,131)          |
| (Increase) decrease in net pledges receivable   | (6,050)           | 52,303            |
| Increase (decrease) in allowance for doubtful accounts  | 5,725             | 1,266             |
| (Increase) decrease in short-term receivables   | (3,645)           | 0                 |
| (Increase) decrease in long-term receivables  | 7,500             | 2,500             |
| Increase (decrease) in other liabilities  | <u>9,738</u>      | <u>6,937</u>      |
| <b>Total adjustments</b>  | <u>(2,642)</u>    | <u>41,674</u>     |
| <b>Cash provided by (used in) operating activities</b>  | <u>33,154</u>     | <u>13,427</u>     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                   |                   |
| Redemption of certificate of deposit  | 93,225            | 38,380            |
| Purchase of certificate of deposit  | (94,041)          | (78,998)          |
| (Increase) decrease in investment   | <u>1,893</u>      | <u>1,797</u>      |
| <b>Cash provided by (used in) investing activities</b>  | <u>1,077</u>      | <u>(38,821)</u>   |
| <b>NET INCREASE (DECREASE) IN CASH</b>  | 34,231            | (25,394)          |
| <b>CASH AND CASH EQUIVALENTS BALANCE - BEGINNING<br/>OF YEAR</b>                              | <u>296,506</u>    | <u>321,900</u>    |
| <b>CASH AND CASH EQUIVALENTS BALANCE - END OF YEAR</b>  | <u>\$ 330,737</u> | <u>\$ 296,506</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, 2020 and 2019

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#### 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.

##### *Cash and Equivalents*

Cash and cash equivalents consist of non-interest bearing checking accounts, 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, 2020 and 2019 is \$98 and \$799, respectively.

##### *Pledges Receivable*

Pledges receivable are shown net of an allowance for doubtful accounts of \$42,774 for 2020 and \$37,049 for 2019. 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.

# United Way of the Flint Hills, Inc.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

#### *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, 2020 and 2019

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

#### *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.

#### *Advertising*

Costs are expensed as incurred. Advertising expense was \$4,200 and \$692 for 2020 and 2019, 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, 2020. The Organization is no longer subject to federal and state tax examinations by tax authorities for years before 2017. No authorities have commenced income tax examinations as of December 31, 2020.

#### *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, 2020 and 2019.

### 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. As of December 31, 2020 and 2019, the balance remaining on the loan is \$3,645 and \$7,500 respectively.

## **United Way of the Flint Hills, Inc.**

### **NOTES TO FINANCIAL STATEMENTS**

December 31, 2020 and 2019

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#### **IV. COMPENSATED ABSENCES**

The Organization's policy regarding vacations allows full-time employees ten to twenty paid vacation days annually, depending on length of service. 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 only if that employee provided two weeks' notice. According to the Organization's policy, employees accrue sick leave each pay period based on their length of service, and can accrue up to 240 hours of sick leave. Unused sick leave is not paid upon an employee's termination. The Organization's policy is to recognize such benefits when they are 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 \$7,621 and \$5,955 in 2020 and 2019, 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 2020. KVOE, in lieu of donating cash, provided the Organization with radio advertising and other fundraising services valued at \$4,200. 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, 2020 and 2019

### VII. AVAILABILITY AND LIQUIDITY

As of December 31, 2020 and 2019, the Organization has net working capital of \$678,629 and \$586,543, respectively, and average days (based on normal expenditures) cash on hand of 194 and 174, 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 2020 or 2019 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, 2020 and 2019:

|  | 2020       | 2019       |
|--|------------|------------|
| Financial assets at year end:  |            |            |
| Cash and cash equivalents  | \$ 330,737 | \$ 296,506 |
| Certificates of deposit  | 215,591    | 214,775    |
| Pledges receivable, net  | 301,785    | 301,460    |
| Long-term receivables  | 0          | 7,500      |
| Short-term receivables   | 3,645      | 0          |
| Funds held at Emporia Community Foundation   | 143,268    | 129,153    |
| Total financial assets   | 995,026    | 949,394    |
| Less amounts not available to be used within one year:                                 |            |            |
| Net assets with donor restrictions   | 429,795    | 414,994    |
| Less net assets with time restrictions to be met<br>in less than one year              | 305,074    | 258,204    |
| Financial assets not available to be used within one year                              | 124,721    | 156,790    |
| Financial assets available to meet general expenditures<br>over the next twelve months | \$ 870,305 | \$ 792,604 |

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, 2020 and 2019

### VIII. 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, 2020 and 2019, contributions receivable consisted of the following:

| <i>December 31,</i>                               | <b>2020</b> | <b>2019</b> |
|---|-------------|-------------|
| Time restricted amounts due in less than one year | \$ 280,281  | \$ 248,181  |
| Less: allowance for doubtful accounts             | 42,774      | 37,049      |
| Total time restricted                             | 237,507     | 211,132     |
| Use restricted amounts due in one year or more    |             |             |
| 2020  | 0           | 27,000      |
| 2021  | 27,000      | 27,000      |
| 2022  | 27,000      | 27,000      |
| 2021  | 11,000      | 11,000      |
| Total   | 65,000      | 92,000      |
| Less 1.5% present value discount                  | 722         | 1,672       |
| Total use restricted                              | 64,278      | 90,328      |
| Pledges receivable, net                           | \$ 301,785  | \$ 301,460  |

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.

### IX. FAIR VALUE MEASUREMENTS

The fair value of certificates of deposit held at various banks are the actual cash values on the balance sheet date.

The values noted below 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.

# United Way of the Flint Hills, Inc.

## NOTES TO FINANCIAL STATEMENTS December 31, 2020 and 2019

### IX. FAIR VALUE MEASUREMENTS - continued

Fair values of assets measured on a recurring basis at December 31, are as follows:

|                              | Fair<br>Value     | Assets<br>(Level 1) | Inputs<br>(Level 2) | Inputs<br>(Level 3) |
|------------------------------|-------------------|---------------------|---------------------|---------------------|
| <b>December 31, 2020</b>     |                   |                     |                     |                     |
| Emporia Community Foundation | \$ <u>143,268</u> | \$ <u>0</u>         | \$ <u>143,268</u>   | \$ <u>0</u>         |
| <b>December 31, 2019</b>     |                   |                     |                     |                     |
| Emporia Community Foundation | \$ <u>129,153</u> | \$ <u>0</u>         | \$ <u>129,153</u>   | \$ <u>0</u>         |

### X. 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 \$1,212 and \$2,650 in 2020 and 2019, respectively. The Simple IRA funds are held with Edward Jones.

### XI. 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 2020 and 2019.

### XII. 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 2020 or 2019.

During 2020, the Organization received a donation of radio advertising and other fundraising services valued at \$4,200 from KVOE.

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, 2020 and 2019

### XIII. 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>          | <b>2020</b>       | <b>2019</b>       |
|------------------------------|-------------------|-------------------|
| <b>Designated Net Assets</b> | \$ <u>343,927</u> | \$ <u>344,131</u> |

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>                               | <b>2020</b>       | <b>2019</b>       |
|---|-------------------|-------------------|
| Time restriction: Pledges for program allocations | \$ 304,685        | \$ 284,076        |
| Dolly Parton Imagination Library                  | 125,110           | 130,618           |
| Disaster Relief Fund                              | 0                 | 300               |
| <b>Total Net Assets With Donor Restrictions</b>   | \$ <u>429,795</u> | \$ <u>414,994</u> |

#### Net Assets Released from Restrictions

Net assets released from restrictions were:

| <i>December 31,</i>   | <b>2020</b>       | <b>2019</b>       |
|---|-------------------|-------------------|
| Expiration of time restriction: Pledges for program allocations | \$ 503,635        | \$ 523,040        |
| Dolly Parton Imagination Library                                | 38,067            | 35,472            |
| Disaster Relief Fund  | 24,492            | 2,700             |
| <b>Net Assets Released from Restrictions</b>                    | \$ <u>566,194</u> | \$ <u>561,212</u> |

| <i>December 31,</i>          | <b>2020</b>       | <b>2019</b>       |
|------------------------------|-------------------|-------------------|
| <b>Designated Net Assets</b> | \$ <u>343,927</u> | \$ <u>344,131</u> |

## United Way of the Flint Hills, Inc.

### NOTES TO FINANCIAL STATEMENTS December 31, 2020 and 2019

#### 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 as described below.

| 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        |

#### XV. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 18, 2021, the date these statements were available to be issued.

Due to a trend of declining campaign participation, the Organization notified community partners in January 2021 to anticipate a reduction in grants from the Organization moving forward. In March 2021, the board approved grant allocations that in total are approximately 20% lower than the prior year.

No additional subsequent events that required disclosure were noted.

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