BERBERICH TRAHAN & CO., P.A.
*Certified Public Accountants*

# UNITED WAY OF GREATER TOPEKA, INC.

## FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
## YEAR ENDED DECEMBER 31, 2011

UNITED WAY OF GREATER TOPEKA, INC.

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

Year Ended December 31, 2011

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# INDEPENDENT AUDITOR'S REPORT

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The Board of Directors
United Way of Greater Topeka, Inc.:

We have audited the accompanying statement of financial position of United Way of Greater Topeka, Inc. (the Organization) as of December 31, 2011, and the related statements of activities, cash flows and other functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2010 financial statements and, in our report dated July 19, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Greater Topeka, Inc. at December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated July 16, 2012 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Berkowitch Graham + Co., P.A.

July 16, 2012

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UNITED WAY OF GREATER TOPEKA, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2011
With Summarized Financial Information as of December 31, 2010

| | 2011 | 2010 |
|---|---|---|
| ASSETS | | |
| Current assets: | | |
| Cash on hand and in banks | $ 512,998 | $ 921,589 |
| Operating investments | 498,831 | 586,383 |
| Pledges receivable: | | |
| 2011-2012 campaign, less allowance of $ 202,947 | 2,553,617 | - |
| 2010-2011 campaign, less allowance of $ 361,419 and $ 274,871 in 2011 and 2010, respectively | 297,091 | 2,829,714 |
| 2009-2010 campaign, less allowance of $ 425,450 | - | 373,180 |
| Interest and other receivables | 942 | 15,229 |
| Grants receivable | 305,227 | 223,923 |
| Prepaid expenses | 18,915 | 18,933 |
| Total current assets | 4,187,621 | 4,968,951 |
| Furniture and equipment, net of accumulated depreciation of $ 332,881 and $ 327,080 in 2011 and 2010, respectively | 30,404 | 20,340 |
| Long-term investments | 2,250,448 | 2,289,671 |
| Total assets | $ 6,468,473 | $ 7,278,962 |

See accompanying notes to financial statements.

| | 2011 | 2010 |
|---|---|---|
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Accounts payable | $ 177,645 | $ 36,433 |
| Grants payable | 109,558 | 377,899 |
| Accrued expenses | 59,798 | 54,604 |
| Due to participating agencies and other communities | 617,489 | 1,006,053 |
| Deferred revenue | 95,828 | 140,582 |
| Total current liabilities | 1,060,318 | 1,615,571 |
| Net assets: | | |
| Unrestricted: | | |
| Undesignated | 251,365 | 1,396,987 |
| Board designated | 2,119,703 | 1,191,210 |
| | 2,371,068 | 2,588,197 |
| Restricted: | | |
| Temporarily restricted | 2,821,133 | 2,859,240 |
| Permanently restricted | 215,954 | 215,954 |
| Total net assets | 5,408,155 | 5,663,391 |
| Total liabilities and net assets | $ 6,468,473 | $ 7,278,962 |

UNITED WAY OF GREATER TOPEKA, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2011
With Summarized Financial Information for the Year Ended December 31, 2010

| | 2011 | | | | 2010 |
|---|---|---|---|---|---|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total | Total |
| Revenues, gains and other support: | | | | | |
| Campaign applicable to current period: | | | | | |
| Contributions received - current period | $ 1,475,460 | $ - | $ - | $ 1,475,460 | $ 807,209 |
| Contributions received in prior periods released from restriction | 3,905,226 | (3,905,226) | - | - | - |
| Gross campaign applicable to current period | 5,380,686 | (3,905,226) | - | 1,475,460 | 807,209 |
| Less: donor designations - United Way campaign | (908,311) | 901,824 | - | (6,487) | (28,408) |
| Less: allowance for uncollectible pledges | (309,753) | 274,871 | - | (34,882) | 259,624 |
| Net campaign applicable to current period | 4,162,622 | (2,728,531) | - | 1,434,091 | 1,038,425 |
| Gross campaign revenue received for next allocation period | - | 3,418,286 | - | 3,418,286 | 3,916,726 |
| Less: donor designation - United Way campaign | - | (556,629) | - | (556,629) | (901,824) |
| Less: allowance for uncollectible pledges | - | (202,947) | - | (202,947) | (274,871) |
| Net campaign for next allocation period | - | 2,658,710 | - | 2,658,710 | 2,740,031 |
| Total campaign | 4,162,622 | (69,821) | - | 4,092,801 | 3,778,456 |
| Private and public grants | 1,804,519 | - | - | 1,804,519 | 1,987,308 |
| Special grants and contributions | - | 40,175 | - | 40,175 | 21,470 |
| Memorial and trust income | 2,341 | - | - | 2,341 | 2,169 |
| Net investment income (loss) | (46,936) | (8,687) | - | (55,623) | 193,241 |
| In-kind contributions | 85,782 | - | - | 85,782 | 97,571 |
| Volunteer Center programs | - | 70,359 | - | 70,359 | 55,061 |
| Other | 72,527 | - | - | 72,527 | 17,299 |
| Net assets released from restriction | 70,133 | (70,133) | - | - | - |
| Total revenues, gains and other support | 6,150,988 | (38,107) | - | 6,112,881 | 6,152,575 |
| Allocations and other functional expenses: | | | | | |
| Funds allocated and distributed to participating programs and agencies | 2,925,076 | - | - | 2,925,076 | 3,071,753 |
| Community impact | 85,885 | - | - | 85,885 | 79,467 |
| Donated materials and services - public relations for resource development | 85,782 | - | - | 85,782 | 97,571 |
| Other functional expenses | 3,271,374 | - | - | 3,271,374 | 3,352,073 |
| Total expenses | 6,368,117 | - | - | 6,368,117 | 6,600,864 |
| Change in net assets | (217,129) | (38,107) | - | (255,236) | (448,289) |
| Net assets, beginning of year | 2,588,197 | 2,859,240 | 215,954 | 5,663,391 | 6,111,680 |
| Net assets, end of year | $ 2,371,068 | $ 2,821,133 | $ 215,954 | $ 5,408,155 | $ 5,663,391 |

See accompanying notes to financial statements.

UNITED WAY OF GREATER TOPEKA, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2011
With Summarized Financial Information for the Year Ended December 31, 2010

| | 2011 | 2010 |
|---|---|---|
| Cash flows from operating activities: | | |
| Change in net assets | $ (255,236) | $ (448,289) |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | 16,804 | 12,633 |
| Unrealized loss (gain) on investments | 57,292 | (204,402) |
| Realized loss on investments | 2,082 | 22,674 |
| Contributions restricted for long-term purposes | - | (11,500) |
| Change in assets and liabilities: | | |
| Pledges receivable for other than long-term purposes | 340,686 | 1,062,340 |
| Interest and other receivables | 14,287 | (12,380) |
| Grants receivable | (81,304) | (41,735) |
| Prepaid expenses | 18 | (3,013) |
| Accounts payable | 141,212 | (13,103) |
| Grants payable | (268,341) | 125,534 |
| Accrued expenses | 5,194 | (21,495) |
| Due to participating agencies and other communities | (388,564) | (55,250) |
| Deferred revenue | (44,754) | 9,394 |
| Net cash provided by (used in) operating activities | (460,624) | 421,408 |
| Cash flows from investing activities: | | |
| Purchases of operating investments | (13,517) | (342,417) |
| Purchases of long-term investments | (20,151) | (313,680) |
| Proceeds from maturity of operating investments | 101,069 | 520,646 |
| Proceeds from sales of long-term investments | - | 276,759 |
| Purchases of furniture and equipment | (26,868) | (12,892) |
| Net cash provided by investing activities | 40,533 | 128,416 |
| Cash flows from financing activities: | | |
| Collections of contributions restricted for long-term purposes | 11,500 | 25,885 |
| Net increase (decrease) in cash | (408,591) | 575,709 |
| Cash on hand and in banks, beginning of year | 921,589 | 345,880 |
| Cash on hand and in banks, end of year | $ 512,998 | $ 921,589 |

See accompanying notes to financial statements.

UNITED WAY OF GREATER TOPEKA, INC.

STATEMENT OF OTHER FUNCTIONAL EXPENSES

Year Ended December 31, 2011
With Summarized Financial Information for the Year Ended December 31, 2010

| | | Support Services | |
|---|---|---|---|
| | | Management and General | Resource Development |
| 1 | Salaries | $ 194,904 | $ 177,533 |
| 2 | Payroll taxes | 15,317 | 16,402 |
| 3 | Employee benefits and retirement | 31,028 | 33,225 |
| 4 | Office rent | 27,003 | 28,915 |
| 5 | Campaign expenses | - | 89,620 |
| 6 | Public relations | - | - |
| 7 | Professional fees | 38,427 | - |
| 8 | Insurance | 2,808 | 3,007 |
| 9 | Data processing and computer maintenance | 12,640 | 1,061 |
| 10 | Office supplies | 10,271 | 6,802 |
| 11 | Telephone | 3,244 | 3,474 |
| 12 | Postage and shipping | 3,760 | 4,026 |
| 13 | Local transportation | 3,718 | 4,671 |
| 14 | Conferences and travel | 12,668 | 4,285 |
| 15 | Meetings | 3,994 | 1,498 |
| 16 | Subscriptions and reference publications | 600 | |
| 17 | Local dues | 2,296 | 361 |
| 18 | Volunteer recognition | - | - |
| 19 | National dues | 54,234 | - |
| 20 | Sales tax | 1,630 | - |
| | Payments to other organizations: | | |
| 21 | Grants | - | - |
| 22 | Disaster relief fund | - | - |
| | Payments to individuals: | | |
| 23 | Christmas Bureau | - | - |
| 24 | Women United | - | - |
| 25 | New Parent Education | - | - |
| 26 | YLS | - | - |
| 27 | WU Student Allocation | - | - |
| 28 | Miscellaneous | 1,487 | 1,234 |
| | Total expenses before depreciation | 420,029 | 376,114 |
| | Depreciation of furniture and equipment | 4,248 | 4,548 |
| | Total expenses - 2011 | $ 424,277 | $ 380,662 |
| | Total expenses - 2010 | $ 411,226 | $ 430,358 |

See accompanying notes to financial statements.

| Community Services and Programs | | | | | |
|---|---|---|---|---|---|
| Community Investment | Community Initiatives | Community Services | 2011 | 2010 | |
| $ 35,609 | $ 134,672 | $ 142,839 | $ 685,557 | $ 674,355 | 1 |
| 3,295 | 12,462 | 13,118 | 60,594 | 59,462 | 2 |
| 6,675 | 25,245 | 26,574 | 122,747 | 109,852 | 3 |
| 5,809 | 21,970 | 23,126 | 106,823 | 91,201 | 4 |
| - | - | - | 89,620 | 85,069 | 5 |
| - | - | - | - | 5,489 | 6 |
| - | - | - | 38,427 | 30,246 | 7 |
| 604 | 2,285 | 2,405 | 11,109 | 8,790 | 8 |
| 213 | 806 | 848 | 15,568 | 12,054 | 9 |
| 1,367 | 5,168 | 5,810 | 29,418 | 26,382 | 10 |
| 698 | 2,640 | 2,779 | 12,835 | 11,184 | 11 |
| 809 | 3,059 | 3,220 | 14,874 | 14,409 | 12 |
| - | 1,272 | 2,442 | 12,103 | 12,083 | 13 |
| 4,895 | 923 | 325 | 23,096 | 24,121 | 14 |
| 275 | 8,509 | 1,152 | 15,428 | 12,689 | 15 |
| 588 | - | - | 1,188 | 984 | 16 |
| 44 | 165 | 673 | 3,539 | 3,351 | 17 |
| - | - | 2,489 | 2,489 | 9,279 | 18 |
| - | - | - | 54,234 | 57,996 | 19 |
| - | - | - | 1,630 | 1,243 | 20 |
| | - | | | | |
| 1,795,575 | 40,429 | - | 1,836,004 | 2,007,009 | 21 |
| - | 26,044 | - | 26,044 | - | 22 |
| - | - | 49,529 | 49,529 | 51,429 | 23 |
| - | - | 7,625 | 7,625 | 5,285 | 24 |
| - | 15,000 | - | 15,000 | 15,260 | 25 |
| - | - | 4,611 | 4,611 | - | 26 |
| - | 6,000 | - | 6,000 | 3,700 | 27 |
| 248 | 4,522 | 987 | 8,478 | 6,518 | 28 |
| 1,856,704 | 311,171 | 290,552 | 3,254,570 | 3,339,440 | |
| 914 | 3,456 | 3,638 | 16,804 | 12,633 | |
| $ 1,857,618 | $ 314,627 | $ 294,190 | $ 3,271,374 | | |
| $ 1,961,551 | $ 310,571 | $ 238,367 | | $ 3,352,073 | |

UNITED WAY OF GREATER TOPEKA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

## 1 - Organization and Summary of Significant Accounting Policies

### Organization

United Way of Greater Topeka, Inc. (the Organization) was organized to unite diverse elements in an area-wide effort to plan, support, deliver and monitor effective human service agencies. The Organization is funded by contributions from individuals and businesses in Topeka and surrounding communities.

### Cash on Hand and in Banks

Cash on hand and in banks consists of cash and investments with original maturities of less than three months and which have not been designated by management as operating investments (see Note 2).

### Investments

The Organization's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Operating investments, which include savings accounts, money market deposit accounts and nonnegotiable certificates of deposit, are recorded at cost since they are not affected by market rate changes.

The Organization invests in mutual funds at G-Trust and pooled funds at the Topeka Community Foundation (the Foundation).

### Pledges Receivable

Pledges receivable represent legally enforceable pledges which are recorded at their net realizable value in the year made. The allowance for uncollectable pledges estimated at 5.9% and 7% for the years ended December 31, 2011 and 2010, respectively, is based on an analysis of historical trends, current levels of campaign revenue and other factors.

Pledges for each campaign year are expected to be collected within one year. Pledges not collected by March 31 of the following year are deemed uncollectible.

## 1 - Organization and Summary of Significant Accounting Policies (Continued)

### Furniture and Equipment

Furniture and equipment are carried at cost. Furniture and equipment with a cost of more than $ 500 and an estimated useful life of more than one year are capitalized. Donated furniture and equipment are recorded at fair value at the date of donation. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, generally three to five years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in income for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

### Donor Imposed Restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted support that increases that net asset class. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restriction. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted. Contributions whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization are recorded as permanently restricted net assets.

In accordance with ASC 958-605, Not-For-Profit Revenue Recognition, contributions designated to specific recipient organizations are reflected as a reduction to campaign contributions and recorded as a liability.

### Temporarily Restricted Net Assets

At December 31, 2011, temporarily restricted net assets consisted of amounts time-restricted by donors or law or restricted by donors for a specific purpose. The net assets released from restriction were contributions received in prior periods for which the time or purpose restriction was satisfied. Temporarily restricted net assets are included in pledges receivable, cash on hand and in banks, operating investments and long-term investments on the statement of financial position.

1 - Organization and Summary of Significant Accounting Policies (Continued)

Donated Materials, Facilities and Services

Donated materials, facilities and services, such as advertising and professional services, have been recognized at fair value in the financial statements in the amounts of $ 85,782 and $ 97,571 for the years ended December 31, 2011 and 2010, respectively.

A substantial number of volunteers have donated significant amounts of their time on the Organization's fund raising campaign and other activities. No amounts have been reflected in the statements for such services.

Functional Expense Allocation

Certain expenses have been allocated between program and support services based on the amount of time employees spend on each function.

Income Taxes

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code, is exempt from federal income taxes pursuant to Section 501(a) of the Code and has been classified as other than a private foundation by the Internal Revenue Service.

The Organization’s policy is to evaluate uncertain tax positions annually. Management evaluated the Organization’s tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements.

Forms 990 and 990T filed by the Organization are subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of each return. Forms 990 and 990T filed by the Organization are no longer subject to examination for the fiscal years ended December 31, 2007 and prior.

1 - Organization and Summary of Significant Accounting Policies (Continued)

Risks and Uncertainties

The Organization maintains a significant portion of its total assets in a combination of stocks, bonds, fixed income securities, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market fluctuation and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect investments and the amounts reported in the statement of financial position.

Use of Estimates

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

Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2010 from which the summarized information was derived.

1 - Organization and Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements

In January 2010, FASB issued an amendment, “Fair Value Measurements and Disclosures-Improving Disclosures about Fair Value Measurements” ASU 2010-06, which requires new disclosures and reasons for transfers of financial assets and liabilities between levels 1 and 2. This amendment also clarifies that fair value measurements and disclosures are required for each class of financial assets and liabilities, and those disclosures should include a discussion of inputs and valuation techniques. It further clarifies that the reconciliation of Level 3 measurements should separately present purchases, sales, issuances, and settlements instead of netting these changes. With respect to matters other than Level 3 measurements, the amendment was effective for periods beginning on or after December 15, 2009 and the Organization implemented the amendment for the year ended December 31, 2010. The guidance related to Level 3 measurements is effective for periods beginning on or after December 15, 2010. See Note 3 for impact of adoption.

In May 2011, the FASB issued ASU 2011-04 which updated accounting guidance related to fair value measurements and disclosures that result in common fair value measurements and disclosures between U.S. GAAP and International Financial Reporting Standards. This guidance includes amendments that clarify the application of existing fair value measurement requirements, in addition to other amendments that change principles or requirements for measuring fair value and for disclosing information about fair value measurements. This guidance is effective for annual periods beginning after December 15, 2011. The Organization is currently evaluating the impact of adoption on its financial statements.

2 - Investments

Operating investments were as follows at December 31:

| | 2011 | 2010 |
|---|---|---|
| Savings and money market deposit accounts: | | |
| Community National Bank | $ 102,623 | $ 102,094 |
| Intrust Bank | 9,507 | 9,452 |
| Heritage Bank | - | 1,068 |
| Capitol Federal Savings | 132,919 | 132,234 |
| | 245,049 | 244,848 |
| Certificates of deposit: | | |
| Silver Lake Bank | 102,570 | 102,113 |
| Alliance Bank | 151,212 | 239,422 |
| | 253,782 | 341,535 |
| | $ 498,831 | $ 586,383 |

Long-term investments held at G-Trust, consisted of the following at December 31:

| | 2011 | | 2010 | |
|---|---|---|---|---|
| | Cost | Fair Value | Cost | Fair Value |
| Mutual funds | $ 820,516 | $ 827,151 | $ 807,390 | $ 838,220 |

Other long-term investments, which are held in trust at the Foundation in the amount of $ 1,423,297 and $ 1,451,451 at December 31, 2011 and 2010, respectively, are pooled with other funds at the Foundation.

## 2 - Investments (Continued)

Amounts included in investment income (loss) for the years ended December 31 were:

| | 2011 | 2010 |
|---|---|---|
| Operating investments: | | |
| Dividends and interest | $ 3,037 | $ 7,231 |
| Investment fees | (7,759) | (3,853) |
| | (4,722) | 3,378 |
| Long-term investments: | | |
| Dividends, interest and capital gains | 23,591 | 21,909 |
| Unrealized gain (loss) | (57,292) | 204,402 |
| Realized loss | (2,082) | (22,674) |
| Investment fees | (15,118) | (13,774) |
| | (50,901) | 189,863 |
| | $ (55,623) | $ 193,241 |

## 3 - Fair Value Measurements

The disclosure provisions of the Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC 820) establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

3 - Fair Value Measurements (Continued)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 Prices or valuations that require inputs that are both significant to fair value measurement and unobservable.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2011 and 2010.

*Mutual funds*: Valued at the closing price reported on the active market on which the individual securities are traded.

*Pooled Funds*: The fair value is based on quoted market prices or at estimated fair value as reported by the fund manager. The fair value of the Organization's position is the same as the pool value of the shares as reported by the fund manager.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

3 - Fair Value Measurements (Continued)

Fair values of assets measured on a recurring basis at December 31, 2011 are as follows:

| Description | Fair Value | Fair Value Measurements at December 31, 2011 Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| Mutual Funds: | | | | |
| Growth funds | $ 20,148 | $ 20,148 | $ - | $ - |
| Index funds | 292,628 | 292,628 | - | - |
| Value funds | 37,204 | 37,204 | - | - |
| Fixed income funds | 329,338 | 329,338 | - | - |
| International funds | 44,985 | 44,985 | - | - |
| Specialty funds | 36,310 | 36,310 | - | - |
| Market neutral | 64,792 | 64,792 | - | - |
| Money market funds | 1,746 | 1,746 | - | - |
| Pooled funds | 1,423,297 | - | - | 1,423,297 |
| Total | $ 2,250,448 | $ 827,151 | $ - | $ 1,423,297 |

There were no transfers between the levels during the year. The Organization's policy is to only recognize transfers in and out of the levels at the end of the fiscal year; interim changes in the fair value inputs are not recognized.

Fair values of assets measured on a recurring basis at December 31, 2010 are as follows:

| Description | Fair Value | Fair Value Measurements at December 31, 2010 Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| Mutual Funds: | | | | |
| Growth funds | $ 20,229 | $ 20,229 | $ - | $ - |
| Index funds | 345,236 | 345,236 | - | - |
| Value funds | 86,076 | 86,076 | - | - |
| Fixed income funds | 257,499 | 257,499 | - | - |
| International funds | 81,414 | 81,414 | - | - |
| Specialty funds | 34,170 | 34,170 | - | - |
| Money market funds | 13,596 | 13,596 | - | - |
| Pooled funds | 1,451,451 | - | - | 1,451,451 |
| Total | $ 2,289,671 | $ 838,220 | $ - | $ 1,451,451 |

3 - Fair Value Measurements (Continued)

The following table presents a reconciliation of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 assets).

| | Pooled Funds |
|---|---|
| Balance, January 1, 2010 | $1,318,094 |
| Unrealized and realized gains (losses) | 112,582 |
| Purchases | 28,786 |
| Investment fees | (8,011) |
| Balance, December 31, 2010 | 1,451,451 |
| Unrealized and realized gains (losses) | (33,097) |
| Purchases | 13,669 |
| Investment fees | (8,726) |
| Balance, December 31, 2011 | $1,423,297 |

4 - Bank Line of Credit

The Organization has a line of credit with a bank in the amount of $ 200,000. No amounts have been drawn against the line during the years ended December 31, 2011 and 2010. The line of credit carries a variable interest rate based on the prime rate but with a minimum rate of 5.00%. The interest rate was 5.00% at December 31, 2011 and 2010 and the line of credit expires on October 1, 2012.

5 - Leases

The Organization leases office space, storage space and equipment under agreements which are classified as operating leases. A five year lease for office space has monthly lease payments of $ 5,916 and additional charges for operating expenses of the building. The monthly lease payments increase $ 740 each subsequent year through 2012. Annual net lease expense for the office space including operating expenses for the years ended December 31, 2011 and 2010 was $ 106,823 and $ 91,201, respectively. Future minimum lease payments through December 31, 2012 are $ 106,488. The Organization subleased office space throughout 2011 and 2010. The amount received from the office space sublease for the years ended December 31, 2011 and 2010 was $ 11,392. The sublease has a term of one year with optional renewals for additional one year terms.

6 - Endowment

The Organization's endowment consists of donor restricted endowment funds and the earnings on those funds. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

6 - Endowment (Continued)

The Board of Directors has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Organization
(7) The investment policies of the Organization.

The endowment net assets composition at December 31, 2011 was:

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| Donor restricted endowment funds | $ - | $ 47,100 | $ 215,954 | $ 263,054 |

## 6 - Endowment (Continued)

Changes in endowment net assets for the year ended December 31, 2011 were:

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| Endowment net assets, beginning of year | $ - | $ 55,787 | $ 215,954 | $ 271,741 |
| Investment return: | | | | |
| Net depreciation (realized and unrealized) | - | (8,687) | - | (8,687) |
| Contributions | - | - | - | - |
| Appropriations of endowment assets for expenditure | - | - | - | - |
| Endowment net assets, end of year | $ - | $ 47,100 | $ 215,954 | $ 263,054 |

The endowment net assets composition at December 31, 2010 was:

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| Donor restricted endowment funds | $ - | $ 55,787 | $ 215,954 | $ 271,741 |

6 - Endowment (Continued)

Changes in endowment net assets for the year ended December 31, 2010 were:

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| Endowment net assets, beginning of year | $ - | $ 38,607 | $ 204,454 | $ 243,061 |
| Investment return: | | | | |
| Net appreciation (realized and unrealized) | - | 17,180 | - | 17,180 |
| Contributions | - | - | 11,500 | 11,500 |
| Appropriations of endowment assets for expenditure | - | - | - | - |
| Endowment net assets, end of year | $ - | $ 55,787 | $ 215,954 | $ 271,741 |

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Organization to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations after the investment of permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Directors. There were no such deficiencies as of December 31, 2011 and 2010.

The Organization's endowment assets are invested at the Foundation; therefore, the Organization uses the Foundation's investment policies for investment of its endowment assets. These investment policies are designed to provide a predictable stream of funding to programs supported by the Organization's endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity. Under the Foundation's investment policies, the long-term investment objective is to earn a rate of return, net of all fees, in excess of a 80% S&P 500 Index/20% Barclays Aggregate Bond Index benchmark over a five-year period or longer. The Foundation expects its investments to earn an average annual real total return of at least 6% per year, net of all fees, over rolling five to ten-year periods. Actual returns in any given year may vary from this amount.

6 - Endowment (Continued)

To satisfy the long-term rate of return objective, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-related investments to achieve its long-term return objectives within prudent risk constraints.

The Organization's endowment funds are pooled with other funds at the Foundation. Investment gains and losses of the Foundation's investments are then allocated to the Organization by the Foundation in proportion to the Organization's portion of the investment pool. The Organization has not implemented a formal spending policy as of December 31, 2011, as the endowment income is generally being allowed to accumulate. The Organization's informal spending policy is to appropriate for expenditure the endowment earnings on a case-by-case basis in accordance with donor restrictions and/or as approved by the Board of Directors.

7 - Board Designated Net Assets

Net assets in the amount of $ 2,119,703 and $ 1,191,210 as of December 31, 2011 and 2010, respectively, are designated by the board of directors to be used for community impact, working capital and other operational needs and contingencies.

8 - Net Asset Restrictions

Temporarily restricted net assets consisted of the following at December 31:

| | 2011 | 2010 |
|---|---|---|
| Time restrictions - campaign | $ 2,658,710 | $ 2,728,531 |
| Time restrictions - endowment earnings | 26,934 | 31,729 |
| Women United | 8,078 | 10,118 |
| Christmas Bureau | 44,234 | 23,404 |
| Young Leaders Society readers | 13,511 | 2,000 |
| Community impact | 29,165 | 33,058 |
| Washburn University Venture Grant program | 39,400 | 30,400 |
| Disaster relief | 1,101 | - |
| | $ 2,821,133 | $ 2,859,240 |

## 8 - Net Asset Restrictions (Continued)

The following temporarily restricted net assets were released from restriction for their restricted purposes for the years ended December 31:

| | 2011 | 2010 |
|---|---|---|
| Women United | $ 7,625 | $ 5,285 |
| Washburn University Venture Grant program | 6,000 | 3,700 |
| Christmas Bureau | 49,529 | 51,429 |
| YLS Readers | 4,611 | - |
| Disaster relief | 2,368 | - |
| | $ 70,133 | $ 60,414 |

Permanently restricted net assets in the amount of $ 215,954, for both December 31, 2011 and 2010, respectively, represent the portion of perpetual endowment funds that is required to be retained permanently either by explicit stipulation or by SPMIFA. Permanently restricted net assets are included in long-term investments on the statement of financial position.

## 9 - Pension

The Organization has a noncontributory, defined contribution retirement plan which covers all employees at least 21 years of age with one year of service. The Organization contributes eight percent of employees' wages to the plan with immediate vesting of benefits. Pension cost was approximately $ 52,900 and $ 47,800 for the years ended December 31, 2011 and 2010, respectively.

## 10 - Subsequent Events

The Organization has evaluated subsequent events through the date of the independent auditor’s report, which is the date that the financial statements are available to be issued.

SUPPLEMENTARY INFORMATION

UNITED WAY OF GREATER TOPEKA, INC.

DISTRIBUTIONS

Year Ended December 31, 2011
With Summarized Financial Information for the Year Ended December 31, 2010

| | 2010 Total Distribution | 2011 Total Distribution | 2011 Less Donor Designations, Net of Uncollectibles and Administrative Fee | 2011 Net Distributions |
|---|---|---|---|---|
| Allocation to participating programs and agencies: | | | | |
| A Child's World Day Care Center, Inc. | $ 93,000 | $ 92,300 | $ 6,509 | $ 85,791 |
| American Red Cross - Kansas Capital Area Chapter | 155,000 | 149,575 | 17,639 | 131,936 |
| Kansas Big Brothers Big Sisters, Inc. | 135,000 | 130,275 | 22,908 | 107,367 |
| The Boys & Girls Club of Topeka | 260,000 | 250,900 | 28,859 | 222,041 |
| Boy Scouts of America - Jayhawk Area Council | 145,000 | 139,925 | 40,652 | 99,273 |
| Breakthrough House, Inc. | 104,000 | 100,360 | 6,254 | 94,106 |
| CASA of Shawnee County, Inc. | 70,000 | 67,550 | 16,624 | 50,926 |
| Catholic Charities of Northeast Kansas, Inc. | 118,000 | 115,340 | 53,621 | 61,719 |
| Community Resources Council | 49,961 | 48,212 | 1,410 | 46,802 |
| Doorstep, Inc. | 52,500 | 50,663 | 17,549 | 33,114 |
| ERC/Resource and Referral, Inc. | 60,000 | 60,000 | 8,928 | 51,072 |
| Family Service and Guidance Center of Topeka, Inc. | 60,000 | 60,000 | 17,291 | 42,709 |
| Florence Crittenton Services, Inc. | 85,000 | 82,025 | 9,797 | 72,228 |
| Girl Scouts of Northeast Kansas and Northwest Missouri, Inc. | 72,500 | 69,963 | 10,409 | 59,554 |
| Health Access | 72,600 | 70,059 | 6,111 | 63,948 |
| Housing and Credit Counseling, Inc. | 40,500 | 39,083 | 4,831 | 34,252 |
| Jefferson County Service Organization | 34,500 | 33,293 | 15,742 | 17,551 |
| Kansas Children's Service League | 83,500 | 83,500 | 22,046 | 61,454 |
| Legal Aid Society of Topeka | 87,000 | 83,955 | 4,904 | 79,051 |
| Let's Help, Inc. | 156,875 | 151,384 | 34,631 | 116,753 |
| LULAC Multipurpose Senior Center, Inc. | 74,500 | 71,893 | 13,392 | 58,501 |
| Meals on Wheels of Shawnee and Jefferson Counties, Inc. | 104,000 | 100,360 | 76,390 | 23,970 |
| The Salvation Army | 125,000 | 72,950 | 24,523 | 48,427 |
| Shawnee County Family Resource Center | 160,000 | 154,400 | - | 154,400 |
| Shawnee Regional Prevention and Recovery Services, Inc. | 82,000 | 79,130 | 7,578 | 71,552 |
| TARC, Inc. | 210,000 | 210,000 | 47,132 | 162,868 |
| Topeka AIDS Project, Inc. | 59,750 | 57,659 | 14,491 | 43,168 |
| Topeka Day Care, Inc. | 315,000 | 315,000 | 6,664 | 308,336 |
| United Cerebral Palsy | 46,600 | 44,969 | 6,287 | 38,682 |
| Volunteer Center of Topeka | 4,000 | 4,825 | - | 4,825 |
| Young Men's Christian Association of Topeka, Kansas | 105,000 | 101,325 | 12,120 | 89,205 |
| Young Women's Christian Association of Topeka (includes Center for Safety and Empowerment and Girls Incorporated) | 289,555 | 282,034 | 9,537 | 272,497 |
| | 3,510,341 | 3,372,907 | 564,829 | 2,808,078 |
| Co-campaign agreement: | | | | |
| American Cancer Society - Shawnee County Unit | 189,981 | 171,943 | 54,945 | 116,998 |
| Funds allocated and distributed to participating programs and agencies | 3,700,322 | 3,544,850 | 619,774 | 2,925,076 |
| Funds distributed to other communities | 357,598 | 288,537 | 288,537 | - |
| Total | $ 4,057,920 | $ 3,833,387 | $ 908,311 | $ 2,925,076 |

See accompanying independent auditor's report.

UNITED WAY OF GREATER TOPEKA, INC.

COMMUNITY IMPACT

Year Ended December 31, 2011
With Summarized Financial Information for the Year Ended December 31, 2010

| | 2011 | 2010 |
|---|---|---|
| Kansas Children's Service League | $ 16,405 | $ 17,000 |
| Successful Connections | 57,900 | 46,497 |
| Boys & Girls Club of Pottawatomie County | - | 3,970 |
| Midland Care Connections | 11,580 | 12,000 |
| | $ 85,885 | $ 79,467 |

See accompanying independent auditor's report.

UNITED WAY OF GREATER TOPEKA, INC.

PUBLIC AND PRIVATE GRANT REVENUES

Year Ended December 31, 2011
With Summarized Financial Information for the Year Ended December 31, 2010

| | 2011 | 2010 |
|---|---|---|
| Smart Start | $ 689,831 | $ 689,831 |
| Building Families Together | 79,756 | 73,144 |
| Community - Based Child Abuse Prevention Grants | 99,351 | 102,862 |
| Emergency Food and Shelter Program | 590 | 4,513 |
| Pre - K Pilot Program | 434,920 | 487,747 |
| Underage Drinking Grant | 404,709 | 470,308 |
| Retired and Senior Volunteer Program | 89,154 | 101,186 |
| Birth to Five Grant | 30 | 8,559 |
| Juvenile Justice Authority Grant | 6,178 | 49,158 |
| | $ 1,804,519 | $ 1,987,308 |

See accompanying independent auditor’s report.

UNITED WAY OF GREATER TOPEKA, INC.

OPERATING REVENUE AND EXPENSE

Year Ended December 31, 2011
With Summarized Financial Information for the Year Ended December 31, 2010

| | 2011 | | 2010 | |
|---|---|---|---|---|
| | Amount | % of Total Revenue | Amount | % of Total Revenue |
| Gross campaign applicable to current year | $ 5,380,686 | | $ 5,788,615 | |
| Public and private grants | 1,804,519 | | 1,987,308 | |
| Memorial and trust income | 2,341 | | 2,169 | |
| Operating investment income and other income | 137,938 | | 81,091 | |
| Total revenue | 7,325,484 | 100.0 % | 7,859,183 | 100.0 % |
| Allowance for uncollectible pledges | 309,753 | 4.2 | 165,826 | 2.1 |
| Allocations and community services and programs expenses: | | | | |
| Funds allocated to participating agencies, net | 2,925,076 | 39.9 | 3,071,753 | 39.0 |
| Community impact | 85,885 | 1.2 | 79,467 | 1.0 |
| Funds designated to participating agencies | 619,774 | 8.5 | 628,569 | 8.0 |
| Funds designated to other communities | 288,537 | 3.9 | 357,598 | 4.6 |
| Community services and programs | 2,466,435 | 33.7 | 2,510,489 | 31.9 |
| Total allocations and community services and programs expenses | 6,385,707 | 87.2 | 6,647,876 | 84.5 |
| Support services expenses: | | | | |
| Management and general | 424,277 | 5.8 | 411,226 | 5.2 |
| Resource development | 380,662 | 5.2 | 430,358 | 5.5 |
| Total support services expenses | 804,939 | 11.0 | 841,584 | 10.7 |
| Total allowance, allocations, community services, program and support services expenses | 7,500,399 | 102.4 | 7,655,286 | 97.3 |
| Net realized and unrealized investment income (loss) on long-term investments | (42,214) | (0.6) | 172,683 | 2.2 |
| Increase (decrease) in unrestricted net assets | $ (217,129) | (3.0) % | $ 376,580 | 4.8 % |

During 1996, United Way of America revised a guideline paper that further defined the term "overhead" for consistency within the United Way system and to follow the guidance of the AICPA audit guide for nonprofit organizations. The United Way of Greater Topeka has elected to present the above calculation for information only.

See accompanying independent auditor's report.

UNITED WAY OF GREATER TOPEKA, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2011

| Federal Grantor/Pass-Through Grantor/Program Title | CFDA Number | Pass-Through Number | Award Amount | Expenditures | Amounts Passed on to Subrecipients |
|---|---|---|---|---|---|
| U.S. Department of Health and Human Services: | | | | | |
| Passed through the Kansas Department of Social and Rehabilitation Services: | | | | | |
| Substance Abuse & Mental Health Services-Projects of Regional and National Significance | 93.243 | SPF-09-05-11 | $1,518,808 | $ 404,709 | $ 399,705 |
| Community-Based Child Abuse Prevention Grant | 93.590 | KCC-CBCAP-2009-02 | 195,527 | 99,351 | - |
| Total U.S. Department of Health and Human Services | | | | 504,060 | 399,705 |
| Corporation for National and Community Service: | | | | | |
| Retired and Senior Volunteer Program | 94.002 | | 104,312 | 89,154 | - |
| U.S. Department of Homeland Security: | | | | | |
| Emergency Food and Shelter Program Cluster: | | | | | |
| Emergency Food and Shelter National Board Program | 97.024 | | 1,746 | 590 | - |
| Total expenditures of federal awards | | | | $ 593,804 | $ 399,705 |

See accompanying notes to schedule of expenditures of federal awards.

UNITED WAY OF GREATER TOPEKA, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2011

1 - General

The accompanying schedule of expenditures of federal awards presents the activity of all federal programs of the Organization. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included on the schedule.

2 - Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting.

3 - Relationship to Financial Statements

Federal awards received are reported in the Organization's financial statements as private and public grants on the statement of activities.

UNITED WAY OF GREATER TOPEKA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2011

**I. Summary of Auditor's Results:**

Financial Statements

| | |
|---|---|
| Type of auditor's report issued | Unqualified |
| Internal control over financial reporting: | |
| Material weaknesses identified | None |
| Significant deficiencies identified that are not considered to be material weaknesses | 2007-1 |
| Noncompliance material to financial statements noted | None |

Federal Awards

| | |
|---|---|
| Type of auditor's report issued on compliance for major programs | Unqualified |
| Internal control over major programs: | |
| Material weaknesses identified | None |
| Significant deficiencies identified that are not considered to be material weaknesses | None reported |
| Findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 | None |

Identification of major programs:

| CFDA Number | Name of Federal Program |
|---|---|
| 93.243 | Substance Abuse & Mental Health Services – Projects of Regional And National Significance |

| | |
|---|---|
| Dollar threshold used to distinguish between type A and type B programs | $ 300,000 |
| Auditee qualified as a low-risk auditee | Yes |

## II. Financial Statement Findings

### Finding 2007-1 – Significant Deficiency

*Condition* – The Organization does not have adequate financial reporting controls in place for tracking net asset classifications and the changes to the classifications. The Organization does track permanently restricted net assets with separate investment accounts and monitors donor restrictions, but restricted net assets are not tracked in a manner consistent with generally accepted accounting principles.

*Criteria* – The financial statements are the responsibility of management. The Organization's internal controls should be designed to ensure the financial statements are reported in accordance with generally accepted accounting principles.

*Cause* – Lack of adequate controls to account for net asset restrictions.

*Effect* – Significant audit adjustments were necessary to properly classify net asset restrictions.

*Recommendation* – Management made strides to address this finding in 2011; however, a complete process was not in place as of December 31, 2011. As such, we recommend that the Organization continues its progress over tracking net asset restrictions.

*Management's Response/Corrective Action Plan (Unaudited)* – The Organization is implementing procedures to adequately record all changes to all net asset classifications. In addition to procedures which include more donor designation segregation in the donor tracking system, an upgrade to the current accounting system should assist Management in moving to a process consistent with generally accepted accounting principles. Management's goal is to implement these processes no later than December 31, 2012.

## III. Findings and Questioned Costs for Federal Awards

None

UNITED WAY OF GREATER TOPEKA, INC.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

December 31, 2011

**Finding 2007-1 – Significant Deficiency**

*Condition* – The Organization does not have adequate financial reporting controls in place for tracking net asset classifications and the changes to the classifications. The Organization does track permanently restricted net assets with separate investment accounts and monitors donor restrictions, but restricted net assets are not tracked in a manner consistent with generally accepted accounting principles.

*Criteria* – The financial statements are the responsibility of management. The Organization's internal controls should be designed to ensure the financial statements are reported in accordance with generally accepted accounting principles.

*Cause* – Lack of adequate controls to account for net asset restrictions.

*Effect* – Significant audit adjustments were necessary to properly classify net asset restrictions.

*Recommendation* – We recommend that the Organization implement procedures to adequately record all changes to all net asset classifications.

*Management's Response/Corrective Action Plan (Unaudited)* – The Organization is working on significant changes to the identification, definition and implementation of program activities. The changes will include an opportunity for more specific designations by donors during the fundraising campaign. Management is working on revisions to the accounting processes to be consistent with these changes. The revisions to the accounting system are being designed to track donor restrictions in a manner consistent with generally accepted accounting principles.

*Follow-up* – The finding has been repeated in the schedule of findings and questioned costs as Finding 2007-1.

BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

BERBERICH TRAHAN & CO., P.A. 3630 SW Burlingame Rd., Topeka, KS 66611-2050 t 785.234.3427 toll-free 800.530.5526 f 785.233.1768 btandcocpa.com

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
United Way of Greater Topeka, Inc.:

We have audited the financial statements of United Way of Greater Topeka, Inc. (the Organization) as of and for the year ended December 31, 2011, and have issued our report thereon dated July 16, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting
Management of the Organization is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as Finding 2007-1, that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Organization's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Organization's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors, management, others within the entity, Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Berkowitz Dick Pollack & Brant... 

July 16, 2012

BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

# INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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Board of Directors
United Way of Greater Topeka, Inc.:

Compliance
We have audited United Way of Greater Topeka, Inc.'s (the Organization's) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended December 31, 2011. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2011.

Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in the internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, others within the entity, Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Berkowitz Graham + Co., P.A.

July 16, 2012