



BERBERICH TRAHAN & CO., P.A.

*Certified Public Accountants*

# UNITED WAY OF GREATER TOPEKA, INC.

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FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2014

UNITED WAY OF GREATER TOPEKA, INC.

FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION

Year Ended December 31, 2014

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of United Way of Greater Topeka, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, cash flows and other functional expenses for the year 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 the Organization as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, as outlined 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.

### **Report on Summarized Comparative Information**

We have previously audited the Organization's December 31, 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 15, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Berberich Trahan & Co., P.A.*

August 14, 2015  
Topeka, Kansas

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UNITED WAY OF GREATER TOPEKA, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2014

With Summarized Financial Information as of December 31, 2013

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
Current assets:		
Cash on hand and in banks	\$ 808,253	\$ 1,202,876
Operating investments	420,381	515,956
Pledges receivable:		
2014-2015 campaign, less allowance of \$ 236,118	1,793,961	-
2013-2014 campaign, less allowance of \$ 206,193 and \$ 213,794 in 2014 and 2013, respectively	338,135	2,404,266
2012-2013 campaign, less allowance of \$ 210,889 in 2013	-	326,912
Interest and other receivables	27,118	8,016
Grants receivable	229,070	579,880
Prepaid expenses	53,352	37,247
	<u>3,670,270</u>	<u>5,075,153</u>
Furniture and equipment, net of accumulated depreciation of \$ 403,862 and \$ 381,466 in 2014 and 2013, respectively	49,561	34,062
Long-term investments	2,826,605	2,636,460
	<u>6,546,436</u>	<u>7,745,675</u>
Total assets	<u>\$ 6,546,436</u>	<u>\$ 7,745,675</u>

See accompanying notes to financial statements.

	<u>2014</u>	<u>2013</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 631,603	\$ 495,274
Accrued expenses	80,807	68,374
Due to participating agencies and other communities	335,582	549,185
Deferred revenue	<u>61,842</u>	<u>70,028</u>
Total current liabilities	<u>1,109,834</u>	<u>1,182,861</u>
Net assets:		
Unrestricted:		
Undesignated	1,163,050	1,604,005
Board designated	<u>1,667,139</u>	<u>2,014,340</u>
	2,830,189	3,618,345
Restricted:		
Temporarily restricted	2,344,619	2,728,515
Permanently restricted	<u>261,794</u>	<u>215,954</u>
Total net assets	<u>5,436,602</u>	<u>6,562,814</u>
Total liabilities and net assets	<u>\$ 6,546,436</u>	<u>\$ 7,745,675</u>

UNITED WAY OF GREATER TOPEKA, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2014

With Summarized Financial Information for the Year Ended December 31, 2013

	2014				2013 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
Revenues, gains and other support:					
Campaign applicable to current period:					
Contributions received - current period	\$ 611,170	\$ -	\$ -	\$ 611,170	\$ 1,233,416
Contributions received in prior periods released from restriction	3,131,522	(3,131,522)	-	-	-
Gross campaign applicable to current period	3,742,692	(3,131,522)	-	611,170	1,233,416
Less: donor designations - United Way campaign	(406,634)	406,634	-	-	89,771
Less: allowance for uncollectible pledges	(213,794)	213,794	-	-	(66,520)
Net campaign applicable to current period	3,122,264	(2,511,094)	-	611,170	1,256,667
Gross campaign revenue received for next allocation period	-	2,676,752	-	2,676,752	3,131,522
Less: donor designation - United Way campaign	-	(342,731)	-	(342,731)	(406,634)
Less: allowance for uncollectible pledges	-	(230,222)	-	(230,222)	(213,794)
Net campaign for next allocation period	-	2,103,799	-	2,103,799	2,511,094
Total campaign	3,122,264	(407,295)	-	2,714,969	3,767,761
Private and public grants	2,426,091	-	-	2,426,091	2,572,609
Special grants and contributions	-	32,381	45,840	78,221	36,854
Memorial and trust income	569	-	-	569	755
Net investment income	135,161	14,212	-	149,373	238,773
In-kind contributions	118,539	-	-	118,539	22,971
Volunteer Center programs	-	83,072	-	83,072	40,885
Other	53,192	-	-	53,192	53,342
Net assets released from restriction	106,266	(106,266)	-	-	-
Total revenues, gains and other support	5,962,082	(383,896)	45,840	5,624,026	6,733,950
Allocations and other functional expenses:					
Community impact	2,079,688	-	-	2,079,688	1,988,452
Other functional expenses	4,670,550	-	-	4,670,550	4,239,533
Total expenses	6,750,238	-	-	6,750,238	6,227,985
Change in net assets	(788,156)	(383,896)	45,840	(1,126,212)	505,965
Net assets, beginning of year	3,618,345	2,728,515	215,954	6,562,814	6,056,849
Net assets, end of year	\$ 2,830,189	\$ 2,344,619	\$ 261,794	\$ 5,436,602	\$ 6,562,814



UNITED WAY OF GREATER TOPEKA, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2014

With Summarized Financial Information for the Year Ended December 31, 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Change in net assets	\$ (1,126,212)	\$ 505,965
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	22,397	18,449
Unrealized gain on investments	(114,889)	(153,634)
Realized gain on investments	(7,602)	(76,968)
Change in assets and liabilities:		
Pledges receivable for other than long-term purposes	553,242	(97,985)
Interest and other receivables	(19,102)	10,918
Grants receivable	350,810	(426,532)
Prepaid expenses	(16,105)	(6,187)
Accounts payable	136,329	272,897
Accrued expenses	12,433	3,378
Due to participating agencies and other communities	(213,603)	(195,211)
Deferred revenue	(8,186)	39,808
	<u>(430,488)</u>	<u>(105,102)</u>
Net cash used in operating activities		
Cash flows from investing activities:		
Purchases of operating investments	(4,425)	(217,144)
Purchases of long-term investments	(817,654)	(6,478)
Proceeds from maturity of operating investments	100,000	202,060
Proceeds from sale of long-term investments	750,000	-
Purchases of furniture and equipment	(37,896)	(13,536)
	<u>(9,975)</u>	<u>(35,098)</u>
Net cash used in investing activities		
Cash flows from financing activities:		
Collections of contributions restricted for long-term purposes	45,840	-
	<u>45,840</u>	<u>-</u>
Net decrease in cash	(394,623)	(140,200)
Cash on hand and in banks, beginning of year	1,202,876	1,343,076
	<u>1,202,876</u>	<u>1,343,076</u>
Cash on hand and in banks, end of year	<u>\$ 808,253</u>	<u>\$ 1,202,876</u>

See accompanying notes to financial statements.

UNITED WAY OF GREATER TOPEKA, INC.

STATEMENT OF OTHER FUNCTIONAL EXPENSES

Year Ended December 31, 2014

With Summarized Financial Information for the Year Ended December 31, 2013

	Support Services	
	Management and General	Resource Development
1 Salaries	\$ 317,894	\$ 214,714
2 Payroll taxes	25,322	17,141
3 Employee benefits and retirement	48,046	32,524
4 Office rent	35,906	24,306
5 Campaign expenses	146	46,027
6 Public relations	17,619	10,468
7 Professional fees	98,746	1,353
8 Insurance	3,178	2,151
9 Data processing and computer maintenance	14,963	10,129
10 Office supplies	22,050	23,417
11 Program supplies	1,558	440
12 Telephone	3,658	2,476
13 Postage and shipping	3,256	2,204
14 Local transportation	1,768	3,046
15 Conferences and travel	17,141	3,950
16 Meetings	12,749	2,437
17 Subscriptions and reference publications	967	100
18 Local dues	4,712	435
19 Volunteer recognition	332	-
20 National dues	31,719	21,471
21 Sales tax	270	183
22 United Rocks	-	25,394
23 Successful Connections	-	-
24 Born Learning Trail	-	11,404
25 Junior Leader Reader	-	4,440
26 High Crest transportation	-	-
27 External printing	-	1,804
Payments to other organizations:		
28 Grants	-	-
29 Disaster relief fund	-	-
Payments to individuals:		
30 Christmas Bureau	-	-
31 Women United	-	-
32 New Parent Education	-	-
33 YLS	-	2,245
34 WU Student Allocation	-	-
35 Miscellaneous	4,639	1,764
	<hr/>	<hr/>
Total expenses before depreciation	666,639	466,023
Depreciation of furniture and equipment	22,397	-
	<hr/>	<hr/>
Total expenses - 2014	\$ 689,036	\$ 466,023
	<hr/>	<hr/>
Total expenses - 2013	\$ 690,245	\$ 360,879
	<hr/>	<hr/>

See accompanying notes to financial statements.

Community Services and Programs

Community Investment	Community Initiatives	Community Services	2014	2013	
\$ 8,485	\$ 285,766	\$ 137,232	\$ 964,091	\$ 819,997	1
701	23,608	11,142	77,914	71,472	2
1,331	44,794	21,140	147,835	116,936	3
994	33,476	15,799	110,481	113,324	4
4	136	64	46,377	93,257	5
626	14,417	6,804	49,934	10,756	6
55	1,863	879	102,896	73,081	7
88	2,963	1,398	9,778	8,984	8
414	13,950	6,584	46,040	21,863	9
2,399	4,644	3,782	56,292	32,576	10
18	606	286	2,908	23,193	11
101	3,410	1,609	11,254	8,808	12
90	3,036	1,433	10,019	14,545	13
1,596	691	1,458	8,559	9,626	14
13,294	612	1,802	36,799	41,341	15
2,674	1,986	852	20,698	22,415	16
108	89	-	1,264	1,117	17
-	-	400	5,547	6,102	18
-	-	8,532	8,864	15,865	19
878	29,572	13,956	97,596	44,197	20
7	252	119	831	1,537	21
-	-	-	25,394	-	22
-	51,171	-	51,171	-	23
-	-	-	11,404	-	24
-	-	-	4,440	-	25
-	7,200	-	7,200	-	26
-	-	-	1,804	-	27
2,563,204	25,086	37,266	2,625,556	2,512,022	28
-	-	-	-	25,065	29
-	-	71,141	71,141	65,918	30
-	-	7,955	7,955	4,684	31
-	-	-	-	33,870	32
-	-	-	2,245	-	33
-	14,500	-	14,500	10,475	34
59	1,973	931	9,366	18,058	35
2,597,126	565,801	352,564	4,648,153	4,221,084	
-	-	-	22,397	18,449	
<u>\$ 2,597,126</u>	<u>\$ 565,801</u>	<u>\$ 352,564</u>	<u>\$ 4,670,550</u>		
<u>\$ 2,454,059</u>	<u>\$ 532,517</u>	<u>\$ 201,833</u>		<u>\$ 4,239,533</u>	

UNITED WAY OF GREATER TOPEKA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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).

The Organization maintains deposits in banks. These deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$ 250,000 per bank. The Organization's deposits may have exceeded the FDIC insurance limits during the year ended December 31, 2014.

Investments

Operating investments, which include savings accounts, money market deposit accounts and non-negotiable certificates of deposit, are recorded at cost since they are not affected by market rate changes.

The Organization invests in mutual funds at Bank of Oklahoma and Vanguard, which are reported at fair value. The Organization invests in pooled funds at the Topeka Community Foundation (the Foundation). The pooled shares at the Foundation are recorded at fair value, as reported by the Foundation, which may be based upon quoted market prices or at an estimated fair value using other valuation methods. 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.

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 6.3% and 6.8% for the years ended December 31, 2014 and 2013, respectively, is based on an analysis of historical trends, current levels of campaign revenue and other factors.

UNITED WAY OF GREATER TOPEKA, INC.

NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

Pledges Receivable (Continued)

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.

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. 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.

UNITED WAY OF GREATER TOPEKA, INC.

NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

Temporarily Restricted Net Assets

At December 31, 2014, 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.

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 \$ 118,539 and \$ 22,971 for the years ended December 31, 2014 and 2013, respectively. The related expenses have been included in the statement of other functional expenses.

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

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.

UNITED WAY OF GREATER TOPEKA, INC.

NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

Income Taxes (Continued)

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, 2010 and prior.

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, 2013 from which the summarized information was derived.

UNITED WAY OF GREATER TOPEKA, INC.

NOTES TO FINANCIAL STATEMENTS  
(Continued)

2 - Investments

Operating investments were as follows at December 31:

	<u>2014</u>	<u>2013</u>
Savings and money market deposit accounts:		
Community National Bank	\$ 3,406	\$ 103,236
INTRUST Bank	474	474
Capitol Federal Savings	<u>134,003</u>	<u>133,669</u>
	<u>137,883</u>	<u>237,379</u>
Certificates of deposit:		
INTRUST Bank	9,115	9,097
Silver Lake Bank	103,435	103,147
Alliance Bank	<u>169,948</u>	<u>166,333</u>
	<u>282,498</u>	<u>278,577</u>
	<u>\$ 420,381</u>	<u>\$ 515,956</u>

Long-term investments held at two investment companies, consisted of the following at December 31:

	<u>2014</u>		<u>2013</u>	
	Cost	Fair Value	Cost	Fair Value
Mutual funds	<u>\$ 1,496,494</u>	<u>\$ 1,607,724</u>	<u>\$ 949,728</u>	<u>\$ 1,017,039</u>

Other long-term investments, which are held in trust at the Foundation in the amount of \$ 1,218,881 and \$ 1,619,421 at December 31, 2014 and 2013, respectively, are pooled with other funds at the Foundation.



UNITED WAY OF GREATER TOPEKA, INC.

NOTES TO FINANCIAL STATEMENTS  
(Continued)

2 - Investments (Continued)

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

	<u>2014</u>	<u>2013</u>
Operating investments:		
Dividends and interest	\$ 1,774	\$ 2,298
Investment fees	-	(604)
	<u>1,774</u>	<u>1,694</u>
Long-term investments:		
Dividends, interest and capital gains	38,918	22,704
Unrealized gain	114,889	153,634
Realized gain	7,602	76,968
Investment fees	(13,810)	(16,227)
	<u>147,599</u>	<u>237,079</u>
	<u>\$ 149,373</u>	<u>\$ 238,773</u>

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.

UNITED WAY OF GREATER TOPEKA, INC.

NOTES TO FINANCIAL STATEMENTS  
(Continued)

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, 2014 and 2013.

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

*Pooled Funds:* The fair value is based on quoted market prices or at estimated fair value as reported by the fund manager. The fair value of the Organization's position is the same as the pool value of the shares as reported by the fund manager. The Foundation invests in various other investments that are classified as Level 3 investments based on the significant unobservable inputs. These investments include private equity funds, fixed income and other alternative investments.

UNITED WAY OF GREATER TOPEKA, INC.

NOTES TO FINANCIAL STATEMENTS  
(Continued)

3 - Fair Value Measurements (Continued)

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

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.

In estimating fair value of the investments in Level 3, management monitors the Foundation's investment activity by analyzing the Foundation's investment statements and attending the Foundation's annual meeting. The Foundation's valuation policies and procedures are determined reasonable by management of the Organization on a quarterly basis. These valuation procedures are to allocate the Foundation's portion of earnings based on its pro rata ownership percentage in the pool. The valuation of earnings in the pool is based on the earnings of the pooled assets, which are tracked to price indices.

The Organization reconciles investment accounts on a quarterly basis. The Organization's Board of Directors monitors the financial reports, which provides detailed information for the Foundation.

UNITED WAY OF GREATER TOPEKA, INC.

NOTES TO FINANCIAL STATEMENTS  
(Continued)

3 - Fair Value Measurements (Continued)

Fair values of assets measured on a recurring basis at December 31, 2014 are as follows:

Description	Fair Value	Fair Value Measurements at December 31, 2014		
		Level 1	Level 2	Level 3
Mutual Funds:				
Growth funds	\$ 51,213	\$ 51,213	\$ -	\$ -
Value funds	157,508	157,508	-	-
Blended funds	814,833	814,833	-	-
Fixed income funds	103,434	103,434	-	-
International funds	71,004	71,004	-	-
Market neutral	59,209	59,209	-	-
Money market funds	18,234	18,234	-	-
Bond fund	332,289	332,289	-	-
Pooled funds	1,218,881	-	-	1,218,881
Total	\$ 2,826,605	\$ 1,607,724	\$ -	\$ 1,218,881

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, 2013 are as follows:

Description	Fair Value	Fair Value Measurements at December 31, 2013		
		Level 1	Level 2	Level 3
Mutual Funds:				
Growth funds	\$ 55,068	\$ 55,068	\$ -	\$ -
Index funds	172,248	172,248	-	-
Value funds	227,043	227,043	-	-
Blended funds	107,987	107,987	-	-
Fixed income funds	376,051	376,051	-	-
Market neutral	59,255	59,255	-	-
Money market funds	19,387	19,387	-	-
Pooled funds	1,619,421	-	-	1,619,421
Total	\$ 2,636,460	\$ 1,017,039	\$ -	\$ 1,619,421

UNITED WAY OF GREATER TOPEKA, INC.

NOTES TO FINANCIAL STATEMENTS  
(Continued)

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).

	<u>Pooled Funds</u>
Balance, January 1, 2013	\$1,486,082
Unrealized and realized gains (losses)	142,397
Investment fees	<u>(9,058)</u>
Balance, December 31, 2013	1,619,421
Unrealized and realized gains (losses)	71,034
Contributions	42,570
Disbursements	(506,445)
Investment fees	<u>(7,699)</u>
Balance, December 31, 2014	<u><u>\$1,218,881</u></u>

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, 2014 and 2013. 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, 2014 and 2013. The line of credit expires on October 3, 2015 and the Organization's bank account serves as collateral.

UNITED WAY OF GREATER TOPEKA, INC.

NOTES TO FINANCIAL STATEMENTS  
(Continued)

5 - Leases

The Organization leases office space, storage space and equipment under agreements which are classified as operating leases. The office space lease is for a five-year term expiring December 31, 2017. Monthly lease payments are \$ 9,375 for the lease. Annual net lease expense for the office space including operating expenses for the years ended December 31, 2014 and 2013 was \$ 110,481 and \$ 113,323, respectively. Future minimum lease payments are as follows:

<u>Year Ended</u> <u>December 31</u>	
2015	\$ 112,500
2016	112,500
2017	<u>112,500</u>
Total	<u><u>\$ 337,500</u></u>

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.

UNITED WAY OF GREATER TOPEKA, INC.

NOTES TO FINANCIAL STATEMENTS  
(Continued)

6 - Endowment (Continued)

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization 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 UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

The endowment net assets composition at December 31, 2014 was:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	\$ -	\$ 95,140	\$ 261,794	\$ 356,934

UNITED WAY OF GREATER TOPEKA, INC.

NOTES TO FINANCIAL STATEMENTS  
(Continued)

6 - Endowment (Continued)

Changes in endowment net assets for the year ended December 31, 2014 were:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 80,928	\$ 215,954	\$ 296,882
Investment return:				
Net appreciation (realized and unrealized)	-	14,212	-	14,212
Contributions	-	-	45,840	45,840
Appropriations of endowment assets for expenditure	-	-	-	-
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 95,140</u>	<u>\$ 261,794</u>	<u>\$ 356,934</u>

The endowment net assets composition at December 31, 2013 was:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds	<u>\$ -</u>	<u>\$ 80,928</u>	<u>\$ 215,954</u>	<u>\$ 296,882</u>



UNITED WAY OF GREATER TOPEKA, INC.

NOTES TO FINANCIAL STATEMENTS  
(Continued)

6 - Endowment (Continued)

Changes in endowment net assets for the year ended December 31, 2013 were:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 57,590	\$ 215,954	\$ 273,544
Investment return:				
Net appreciation (realized and unrealized)	-	23,338	-	23,338
Contributions	-	-	-	-
Appropriations of endowment assets for expenditure	-	-	-	-
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 80,928</u>	<u>\$ 215,954</u>	<u>\$ 296,882</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations after the investment of 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, 2014 and 2013.

The Organization's endowment assets are invested at the Foundation; therefore the Organization uses the Foundation's growth portfolio investment policy for investment of its endowment assets. This investment policy is designed to provide for the preservation of capital and for the preservation of purchasing power of the endowment assets by striving for long-term returns that either match or exceed the Foundation's spending policy, the rate of inflation and investment fees. Endowment assets include those assets of donor-designated funds that the Organization should hold in perpetuity. Under the Foundation's investment policy, the long-term investment objective is to earn a rate of return, net of all fees, in excess of a 80% S&P 500 Index/20% Barclays Aggregate Government/Corporate Bond Index benchmark over rolling five- and ten-year periods.

UNITED WAY OF GREATER TOPEKA, INC.

NOTES TO FINANCIAL STATEMENTS  
(Continued)

6 - Endowment (Continued)

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, 2014, 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 \$ 1,667,139 and \$ 2,014,340 as of December 31, 2014 and 2013, 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:

	2014	2013
Time and purpose restrictions - community impact - campaign	\$ 2,103,798	\$ 2,511,094
Time restrictions - endowment earnings	48,765	42,100
Women United	6,058	8,383
Christmas Bureau	49,495	32,564
Young Leaders Society - Junior Leader Readers	8,693	19,687
Young Leaders Society - Born Learning Trail	821	-
Community impact	55,375	47,827
Washburn University Venture Grant program	51,879	49,950
Disaster relief	16,910	16,910
DEC 5K	1,123	-
Home visitation retreat	1,702	-
	\$ 2,344,619	\$ 2,728,515

UNITED WAY OF GREATER TOPEKA, INC.

NOTES TO FINANCIAL STATEMENTS  
(Continued)

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:

	2014	2013
Women United	\$ 7,955	\$ 4,684
Christmas Bureau	66,141	65,918
Young Leaders Society readers	15,844	18,544
Washburn University Venture Grant program	14,500	11,950
Disaster relief	-	24,917
DEC 5K	1,826	-
	\$ 106,266	\$ 126,013

Permanently restricted net assets in the amount of \$ 261,794 and \$ 215,954, for December 31, 2014 and 2013, respectively, represent the portion of perpetual endowment funds that is required to be retained permanently either by explicit stipulation or by UPMIFA. 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 \$ 51,000 and \$ 42,000 for the years ended December 31, 2014 and 2013, 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.

Subsequent to year-end, the Organization changed its fiscal year from a calendar year to a June 30 year-end.

SUPPLEMENTARY INFORMATION

UNITED WAY OF GREATER TOPEKA, INC.

COMMUNITY IMPACT

Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Basic needs grants	\$ 761,300	\$ 625,000
Early education grants	510,203	582,889
Financial stability grants	117,633	154,358
On-grade achievement grants	544,384	492,529
Substance abuse grants	105,297	99,276
Obesity grants	<u>40,871</u>	<u>34,400</u>
	<u>\$ 2,079,688</u>	<u>\$ 1,988,452</u>

See accompanying independent auditor's report.

UNITED WAY OF GREATER TOPEKA, INC.

PUBLIC AND PRIVATE GRANT REVENUES

Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Community - Based Child Abuse Prevention Grants	\$ 139,090	\$ 115,678
Emergency Food and Shelter Program	-	1,113
Pre - K Pilot Program	448,804	421,228
Retired and Senior Volunteer Program	75,255	106,868
Early Childhood Block Grant	1,737,750	1,819,611
Other contributions and grants	<u>25,192</u>	<u>108,111</u>
	<u>\$ 2,426,091</u>	<u>\$ 2,572,609</u>

See accompanying independent auditor's report.

## UNITED WAY OF GREATER TOPEKA, INC.

## OPERATING REVENUE AND EXPENSE

Years Ended December 31, 2014 and 2013

	2014		2013	
	Amount	% of Total Revenue	Amount	% of Total Revenue
Gross campaign applicable to current year	\$ 3,742,692		\$ 4,445,324	
Public and private grants	2,426,091		2,572,609	
Memorial and trust income	569		755	
Operating investment income and other income	279,771		204,020	
<b>Total revenue</b>	<b>6,449,123</b>	<b>100.0% %</b>	<b>7,222,708</b>	<b>100.0 %</b>
Allowance for uncollectible pledges	213,794	3.3	299,536	4.1
Allocations and community services and programs expenses:				
Community impact	2,079,688	32.2	1,988,452	27.6
Funds designated to participating agencies	337,977	5.2	396,385	5.5
Funds designated to other communities	68,657	1.1	91,595	1.3
Community services and programs	3,515,491	54.5	3,188,409	44.2
<b>Total allocations and community services and programs expenses</b>	<b>6,001,813</b>	<b>93.0</b>	<b>5,664,841</b>	<b>78.6</b>
Support services expenses:				
Management and general	689,036	10.7	690,245	9.6
Resource development	466,023	7.2	360,879	5.0
<b>Total support services expenses</b>	<b>1,155,059</b>	<b>17.9</b>	<b>1,051,124</b>	<b>14.6</b>
<b>Total allowance, allocations, community services, program and support services expenses</b>	<b>7,370,666</b>	<b>114.4</b>	<b>7,015,501</b>	<b>97.3</b>
Net realized and unrealized investment income on long-term investments	133,387	2.1	213,741	3.0
<b>Increase (decrease) in unrestricted net assets</b>	<b>\$ (788,156)</b>	<b>(12.2) %</b>	<b>\$ 420,948</b>	<b>5.7 %</b>

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.