



BERBERICH TRAHAN & CO., P.A.

Certified Public Accountants

UNITED WAY OF GREATER TOPEKA, INC.

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2013

UNITED WAY OF GREATER TOPEKA, INC.

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

Year Ended December 31, 2013

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements:	
Statement of Financial Position	3 - 4
Statement of Activities	5
Statement of Cash Flows	6
Statement of Other Functional Expenses	7 - 8
Notes to Financial Statements	9 - 24
Supplementary Information:	
Schedule 1 - Community Impact	25
Schedule 2 - Public and Private Grant Revenues	26
Schedule 3 - Operating Revenue and Expense	27



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

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, 2013, 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.

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
blandcocpa.com

An Independently Owned Member
McGLADREY ALLIANCE



McGladrey Alliance is a premier affiliation of independent accounting and consulting firms. McGladrey Alliance member firms maintain their name, autonomy and independence and are responsible for their own client fee arrangements, delivery of services and maintenance of client relationships.

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, 2013, 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, 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 17, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Berberich Trahan & Co., P.A.

July 15, 2014
Topeka, Kansas

This page intentionally left blank.

UNITED WAY OF GREATER TOPEKA, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2013

With Summarized Financial Information as of December 31, 2012

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Current assets:		
Cash on hand and in banks	\$ 1,202,876	\$ 1,343,076
Operating investments	515,956	500,872
Pledges receivable:		
2013-2014 campaign, less allowance of \$ 213,794	2,404,266	-
2012-2013 campaign, less allowance of \$ 210,889 and \$ 233,016 in 2013 and 2012, respectively	326,912	2,285,925
2011-2012 campaign, less allowance of \$ 366,987 in 2012	-	347,268
Interest and other receivables	8,016	18,934
Grants receivable	579,880	153,348
Prepaid expenses	37,247	31,060
	<u>5,075,153</u>	<u>4,680,483</u>
Furniture and equipment, net of accumulated depreciation of \$381,466 and \$352,014 in 2013 and 2012, respectively	34,062	38,975
Long-term investments	2,636,460	2,399,380
	<u>7,745,675</u>	<u>7,118,838</u>
Total assets	<u>\$ 7,745,675</u>	<u>\$ 7,118,838</u>

See accompanying notes to financial statements.

	<u>2013</u>	<u>2012</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 495,274	\$ 222,377
Accrued expenses	68,374	64,996
Due to participating agencies and other communities	549,185	744,396
Deferred revenue	<u>70,028</u>	<u>30,220</u>
Total current liabilities	<u>1,182,861</u>	<u>1,061,989</u>
Net assets:		
Unrestricted:		
Undesignated	1,604,005	1,310,905
Board designated	<u>2,014,340</u>	<u>1,886,492</u>
	3,618,345	3,197,397
Restricted:		
Temporarily restricted	2,728,515	2,643,498
Permanently restricted	<u>215,954</u>	<u>215,954</u>
Total net assets	<u>6,562,814</u>	<u>6,056,849</u>
Total liabilities and net assets	<u>\$ 7,745,675</u>	<u>\$ 7,118,838</u>

UNITED WAY OF GREATER TOPEKA, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2013

With Summarized Financial Information for the Year Ended December 31, 2012

	2013			2012 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenues, gains and other support:				
Campaign applicable to current period:				
Contributions received - current period	\$ 1,233,416	\$ -	\$ -	\$ 1,233,416
Contributions received in prior periods released from restriction	3,211,908	(3,211,908)	-	-
Gross campaign applicable to current period	4,445,324	(3,211,908)	-	1,233,416
Less: donor designations - United Way campaign	(487,980)	577,751	-	89,771
Less: unfulfilled donor restrictions	-	-	-	-
Less: allowance for uncollectible pledges	(299,536)	233,016	-	(66,520)
Net campaign applicable to current period	3,657,808	(2,401,141)	-	1,256,667
Gross campaign revenue received for next allocation period	-	3,131,522	-	3,131,522
Less: donor designation - United Way campaign	-	(406,634)	-	(406,634)
Less: allowance for uncollectible pledges	-	(213,794)	-	(213,794)
Net campaign for next allocation period	-	2,511,094	-	2,511,094
Total campaign	3,657,808	109,953	-	3,767,761
Private and public grants	2,572,609	-	-	2,572,609
Special grants and contributions	-	36,854	-	36,854
Memorial and trust income	755	-	-	755
Net investment income	215,435	23,338	-	238,773
In-kind contributions	22,971	-	-	22,971
Volunteer Center programs	-	40,885	-	40,885
Other	53,342	-	-	53,342
Net assets released from restriction	126,013	(126,013)	-	-
Total revenues, gains and other support	6,648,933	85,017	-	6,733,950
Allocations and other functional expenses:				
Community impact	1,988,452	-	-	1,988,452
Other functional expenses	4,239,533	-	-	4,239,533
Total expenses	6,227,985	-	-	6,227,985
Change in net assets	420,948	85,017	-	505,965
Net assets, beginning of year	3,197,397	2,643,498	215,954	6,056,849
Net assets, end of year	\$ 3,618,345	\$ 2,728,515	\$ 215,954	\$ 6,562,814

See accompanying notes to financial statements.

UNITED WAY OF GREATER TOPEKA, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2013

With Summarized Financial Information for the Year Ended December 31, 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ 505,965	\$ 648,694
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	18,449	19,133
Unrealized gain on investments	(153,634)	(120,858)
Realized gain on investments	(76,968)	(15,147)
Change in assets and liabilities:		
Pledges receivable for other than long-term purposes	(97,985)	217,515
Interest and other receivables	10,918	(17,992)
Grants receivable	(426,532)	151,879
Prepaid expenses	(6,187)	(12,145)
Accounts payable	272,897	44,732
Grants payable	-	(109,558)
Accrued expenses	3,378	5,198
Due to participating agencies and other communities	(195,211)	126,907
Deferred revenue	39,808	(65,608)
	<u>(105,102)</u>	<u>872,750</u>
Net cash provided by (used in) operating activities		
Cash flows from investing activities:		
Purchases of operating investments	(217,144)	(2,503)
Purchases of long-term investments	(6,478)	(12,927)
Proceeds from maturity of operating investments	202,060	462
Purchases of furniture and equipment	(13,536)	(27,704)
	<u>(35,098)</u>	<u>(42,672)</u>
Net cash used in investing activities		
Net increase (decrease) in cash	(140,200)	830,078
Cash on hand and in banks, beginning of year	<u>1,343,076</u>	<u>512,998</u>
Cash on hand and in banks, end of year	<u>\$ 1,202,876</u>	<u>\$ 1,343,076</u>

See accompanying notes to financial statements.

UNITED WAY OF GREATER TOPEKA, INC.

STATEMENT OF OTHER FUNCTIONAL EXPENSES

Year Ended December 31, 2013

With Summarized Financial Information for the Year Ended December 31, 2012

		Support Services	
		Management and General	Resource Development
1	Salaries	\$ 290,065	\$ 137,262
2	Payroll taxes	23,379	11,578
3	Employee benefits and retirement	38,251	18,943
4	Office rent	37,069	18,358
5	Campaign expenses	4,791	80,983
6	Public relations	3,880	1,000
7	Professional fees	73,081	-
8	Insurance	2,939	1,455
9	Data processing and computer maintenance	7,151	3,542
10	Office supplies	10,656	5,277
11	Program supplies	4,649	18,544
12	Telephone	2,881	1,427
13	Postage and shipping	4,758	2,356
14	Local transportation	3,253	4,525
15	Conferences and travel	29,431	3,712
16	Meetings	16,268	490
17	Subscriptions and reference publications	480	-
18	Local dues	3,007	-
19	Volunteer recognition	69	1,000
20	National dues	44,197	-
21	Sales tax	503	249
Payments to other organizations:			
22	Grants	58,298	42,729
23	Disaster relief fund	24,917	148
Payments to individuals:			
24	Christmas Bureau	-	-
25	Women United	-	-
26	New Parent Education	-	-
27	YLS	-	-
28	WU Student Allocation	-	-
29	Miscellaneous	237	4,312
Total expenses before depreciation		684,210	357,890
Depreciation of furniture and equipment		6,035	2,989
Total expenses - 2013		\$ 690,245	\$ 360,879
Total expenses - 2012		\$ 506,542	\$ 333,521

See accompanying notes to financial statements.

Community Services and Programs

Community Investment	Community Initiatives	Community Services	2013	2012	
\$ 20,799	\$ 299,151	\$ 72,720	\$ 819,997	\$ 749,520	1
1,941	27,922	6,652	71,472	65,935	2
3,176	45,683	10,883	116,936	130,842	3
3,078	44,272	10,547	113,324	121,295	4
398	5,722	1,363	93,257	60,615	5
4,000	1,876	-	10,756	31,047	6
-	-	-	73,081	60,090	7
244	3,510	836	8,984	9,381	8
594	8,541	2,035	21,863	27,861	9
885	12,726	3,032	32,576	33,456	10
-	-	-	23,193	353	11
239	3,441	820	8,808	9,987	12
395	5,682	1,354	14,545	13,287	13
1,729	-	119	9,626	11,459	14
8,198	-	-	41,341	28,834	15
5,622	-	35	22,415	20,855	16
637	-	-	1,117	169	17
350	-	2,745	6,102	3,850	18
13	1,000	13,783	15,865	18,422	19
-	-	-	44,197	50,628	20
42	600	143	1,537	2,326	21
2,400,495	10,500	-	2,512,022	1,614,758	22
-	-	-	25,065	34,086	23
-	-	65,918	65,918	55,967	24
-	-	4,684	4,684	5,614	25
-	33,870	-	33,870	45,697	26
-	-	-	-	11,104	27
-	10,475	-	10,475	-	28
723	10,339	2,447	18,058	3,428	29
2,453,558	525,310	200,116	4,221,084	3,220,866	
501	7,207	1,717	18,449	19,133	
<u>\$ 2,454,059</u>	<u>\$ 532,517</u>	<u>\$ 201,833</u>	<u>\$ 4,239,533</u>		
<u>\$ 1,620,118</u>	<u>\$ 517,851</u>	<u>\$ 261,967</u>		<u>\$ 3,239,999</u>	

UNITED WAY OF GREATER TOPEKA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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, 2013.

Investments

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, which are reported at fair value, and 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 6.8% and 7.45% for the years ended December 31, 2013 and 2012, 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 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.

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, 2013, 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 \$ 22,971 and \$ 35,850 for the years ended December 31, 2013 and 2012, 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, 2009 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, 2012 from which the summarized information was derived.

Reclassification

Certain prior year information was reclassified to conform to the current year presentation.

UNITED WAY OF GREATER TOPEKA, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - Investments

Operating investments were as follows at December 31:

	<u>2013</u>	<u>2012</u>
Savings and money market deposit accounts:		
Community National Bank	\$ 103,236	\$ 102,996
Intrust Bank	474	9,541
Capitol Federal Savings	<u>133,669</u>	<u>133,362</u>
	<u>237,379</u>	<u>245,899</u>
Certificates of deposit:		
Intrust Bank	9,097	-
Silver Lake Bank	103,147	102,859
Alliance Bank	<u>166,333</u>	<u>152,114</u>
	<u>278,577</u>	<u>254,973</u>
	<u>\$ 515,956</u>	<u>\$ 500,872</u>

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

	<u>2013</u>		<u>2012</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	<u>\$ 949,728</u>	<u>\$ 1,017,039</u>	<u>\$ 857,224</u>	<u>\$ 913,298</u>

Other long-term investments, which are held in trust at the Foundation in the amount of \$ 1,619,421 and \$ 1,486,082 at December 31, 2013 and 2012, 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>2013</u>	<u>2012</u>
Operating investments:		
Dividends and interest	\$ 2,298	\$ 2,696
Investment fees	<u>(604)</u>	<u>(581)</u>
	<u>1,694</u>	<u>2,115</u>
Long-term investments:		
Dividends, interest and capital gains	22,704	28,113
Unrealized gain	153,634	120,858
Realized gain	76,968	15,147
Investment fees	<u>(16,227)</u>	<u>(15,189)</u>
	<u>237,079</u>	<u>148,929</u>
	<u>\$ 238,773</u>	<u>\$ 151,044</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, 2013 and 2012.

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 with 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, 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

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, 2012 are as follows:

Description	Fair Value	Fair Value Measurements at December 31, 2012		
		Level 1	Level 2	Level 3
Mutual Funds:				
Growth funds	\$ 63,686	\$ 63,686	\$ -	\$ -
Index funds	256,429	256,429	-	-
Value funds	53,544	53,544	-	-
Fixed income funds	351,727	351,727	-	-
International funds	56,885	56,885	-	-
Specialty funds	41,273	41,273	-	-
Market neutral	57,822	57,822	-	-
Money market funds	31,932	31,932	-	-
Pooled funds	1,486,082	-	-	1,486,082
Total	\$ 2,399,380	\$ 913,298	\$ -	\$ 1,486,082

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, 2012	\$1,423,297
Unrealized and realized gains (losses)	71,419
Purchases	-
Investment fees	<u>(8,634)</u>
Balance, December 31, 2012	1,486,082
Unrealized and realized gains (losses)	142,397
Purchases	-
Investment fees	<u>(9,058)</u>
Balance, December 31, 2013	<u><u>\$1,619,421</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, 2013 and 2012. 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, 2013 and 2012 and the line of credit expires on October 1, 2014.

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. A five year lease for office space had monthly lease payments of \$ 5,916 and additional charges for operating expenses of the building. The monthly lease payments increased \$ 740 each subsequent year through December 31, 2012. The office space lease was renewed in December 2012 for a five-year term expiring December 31, 2017. Monthly lease payments are \$ 9,375 for the new lease. Annual net lease expense for the office space including operating expenses for the years ended December 31, 2013 and 2012 was \$ 113,323 and \$ 121,295, respectively. Future minimum lease payments are as follows:

<u>Year Ended</u> <u>December 31</u>	
2014	\$ 112,500
2015	112,500
2016	112,500
2017	<u>112,500</u>
Total	<u><u>\$ 450,000</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, 2013 was:

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

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>

The endowment net assets composition at December 31, 2012 was:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds	<u>\$ -</u>	<u>\$ 57,590</u>	<u>\$ 215,954</u>	<u>\$ 273,544</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, 2012 were:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 47,100	\$ 215,954	\$ 263,054
Investment return:				
Net appreciation (realized and unrealized)	-	10,490	-	10,490
Contributions	-	-	-	-
Appropriations of endowment assets for expenditure	-	-	-	-
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 57,590</u>	<u>\$ 215,954</u>	<u>\$ 273,544</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, 2013 and 2012.

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, 2013, 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 \$ 2,014,340 and \$ 1,886,492 as of December 31, 2013 and 2012, 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:

	<u>2013</u>	<u>2012</u>
Time and purpose restrictions - community impact - campaign	\$ 2,511,094	\$ 2,401,142
Time restrictions - endowment earnings	42,100	31,637
Women United	8,383	7,752
Christmas Bureau	32,564	57,596
Young Leaders Society readers	19,687	19,192
Community impact	47,827	34,952
Washburn University Venture Grant program	49,950	49,400
Disaster relief	16,910	41,827
	<u>\$ 2,728,515</u>	<u>\$ 2,643,498</u>

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:

	2013	2012
Women United	\$ 4,684	\$ 5,614
Christmas Bureau	65,918	55,967
Young Leaders Society readers	18,544	11,104
Washburn University Venture Grant program	11,950	-
Disaster relief	24,917	29,454
	\$ 126,013	\$ 102,139

Permanently restricted net assets in the amount of \$ 215,954, for both December 31, 2013 and 2012, 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 \$ 42,000 and \$ 49,600 for the years ended December 31, 2013 and 2012, 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.

COMMUNITY IMPACT

Year Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Basic needs grants	\$ 625,000	\$ 661,389
Early education grants	582,889	510,469
Financial stability grants	154,358	122,922
On-grade achievement grants	492,529	456,428
Substance abuse grants	99,276	29,004
Obesity grants	<u>34,400</u>	<u>1,735</u>
	<u>\$ 1,988,452</u>	<u>\$ 1,781,947</u>

See accompanying independent auditor's report.

UNITED WAY OF GREATER TOPEKA, INC.

PUBLIC AND PRIVATE GRANT REVENUES

Year Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Community - Based Child Abuse Prevention Grants	\$ 115,678	\$ 104,958
Emergency Food and Shelter Program	1,113	604
Pre - K Pilot Program	421,228	501,128
Retired and Senior Volunteer Program	106,868	49,100
Early Childhood Block Grant	1,819,611	-
Bequests and Other Contributions	108,111	42,000
Smart Start	-	568,140
Underage Drinking Grant	-	265,484
20/30 Grant	-	5,000
Case Management Grant	-	4,500
	<u>\$ 2,572,609</u>	<u>\$ 1,540,914</u>

See accompanying independent auditor's report.

UNITED WAY OF GREATER TOPEKA, INC.

OPERATING REVENUE AND EXPENSE

Year Ended December 31, 2013 and 2012

	2013		2012	
	Amount	% of Total Revenue	Amount	% of Total Revenue
Gross campaign applicable to current year	\$ 4,445,324		\$ 5,056,010	
Public and private grants	2,572,609		1,540,914	
Memorial and trust income	755		2,300	
Operating investment income and other income	204,020		195,297	
Total revenue	7,222,708	100.0 %	6,794,521	100.0 %
Allowance for uncollectible pledges	299,536	4.1	415,140	6.1
Allocations and community services and programs expenses:				
Community impact	1,988,452	27.6	1,781,947	26.2
Funds designated to participating agencies	396,385	5.5	544,285	8.0
Funds designated to other communities	91,595	1.3	125,260	1.8
Community services and programs	3,188,409	44.2	2,399,936	35.3
Total allocations and community services and programs expenses	5,664,841	78.6	4,851,428	71.3
Support services expenses:				
Management and general	690,245	9.6	506,542	7.5
Resource development	360,879	5.0	333,521	4.9
Total support services expenses	1,051,124	14.6	840,063	12.4
Total allowance, allocations, community services, program and support services expenses	7,015,501	97.1	6,106,631	89.9
Net realized and unrealized investment income on long-term investments	213,741	3.0	138,439	2.0
Increase in unrestricted net assets	\$ 420,948	5.8 %	\$ 826,329	12.2 %

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.