



**UNITED WAY OF DOUGLAS COUNTY, INC.**

FINANCIAL STATEMENTS  
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

**DECEMBER 31, 2020 AND 2019**

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# Independent Auditor's Report

To the Board of Directors of United Way of Douglas County, Inc.

## Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Douglas County, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020 and the related statements of activities, functional expenses, and cash flows 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 United Way of Douglas County, Inc. as of December 31, 2020 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.

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

We have previously audited United Way of Douglas County, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 14, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

SSC CPAs PA

SSC CPAs, P.A.  
Lawrence, KS

October 18, 2021

**UNITED WAY OF DOUGLAS COUNTY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

| December 31,                                                        | 2020              | 2019                |
|---------------------------------------------------------------------|-------------------|---------------------|
| <b>ASSETS</b>                                                       |                   |                     |
| <b>Current assets</b>                                               |                   |                     |
| Cash and cash equivalents                                           | \$ 278,828        | \$ 641,479          |
| Pledges and accounts receivable, net                                | 206,518           | 205,330             |
| Investments, at fair value                                          | 12,914            | -                   |
| <b>Total current assets</b>                                         | <b>498,260</b>    | <b>846,809</b>      |
| <b>Other assets</b>                                                 |                   |                     |
| Property and equipment, net                                         | 4,025             | 4,306               |
| Building and leasehold improvements of discontinued operations, net | -                 | 212,616             |
| Beneficial interest in assets held by others                        | 250,770           | 234,311             |
| <b>Total other assets</b>                                           | <b>254,795</b>    | <b>451,233</b>      |
| <b>TOTAL ASSETS</b>                                                 | <b>\$ 753,055</b> | <b>\$ 1,298,042</b> |
| <b>LIABILITIES AND NET ASSETS</b>                                   |                   |                     |
| <b>Current liabilities</b>                                          |                   |                     |
| Accounts payable and accrued expenses                               | \$ 45,204         | \$ 33,444           |
| Paycheck Protection Program loan                                    | 55,390            | -                   |
| Donor designations payable                                          | 80,427            | 76,684              |
| <b>Total current liabilities</b>                                    | <b>181,021</b>    | <b>110,128</b>      |
| <b>NET ASSETS</b>                                                   |                   |                     |
| Without donor restrictions                                          |                   |                     |
| Undesignated                                                        | 178,391           | 554,011             |
| <b>Total net assets without donor restrictions</b>                  | <b>178,391</b>    | <b>554,011</b>      |
| With donor restrictions                                             |                   |                     |
| Time restrictions                                                   | 114,900           | 371,622             |
| Purpose restrictions                                                | 149,158           | 133,899             |
| Perpetual in nature                                                 | 129,585           | 128,382             |
| <b>Total net assets with donor restrictions</b>                     | <b>393,643</b>    | <b>633,903</b>      |
| <b>Total net assets</b>                                             | <b>572,034</b>    | <b>1,187,914</b>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                             | <b>\$ 753,055</b> | <b>\$ 1,298,042</b> |

**UNITED WAY OF DOUGLAS COUNTY, INC.**  
**STATEMENTS OF ACTIVITIES**

| For the years ended December 31,                                     | <b>2020</b>                      |                            | <b>2019</b>       |                  |
|----------------------------------------------------------------------|----------------------------------|----------------------------|-------------------|------------------|
|                                                                      | Without<br>Donor<br>Restrictions | With Donor<br>Restrictions | Total             | Total            |
| <b>Support, revenue and reclassifications</b>                        |                                  |                            |                   |                  |
| Current campaign                                                     | \$ -                             | \$ 380,687                 | \$ 380,687        | \$ 502,109       |
| Prior campaigns                                                      | -                                | 787,775                    | 787,775           | 572,064          |
| Less: Donor designations                                             | -                                | (3,743)                    | (3,743)           | (42,371)         |
| Less: Provision for uncollectible pledges                            | -                                | (262,044)                  | (262,044)         | (88,116)         |
| <b>Net campaign contributions</b>                                    | -                                | 902,675                    | 902,675           | 943,686          |
| Designations contributed from other campaigns, net of estimated fees | -                                | -                          | -                 | 110,381          |
| Other contributions                                                  | 139,445                          | 1,200                      | 140,645           | 1,257            |
| Contributed goods and services                                       | 8,467                            | -                          | 8,467             | 32,400           |
| Grant income                                                         | 215,475                          | -                          | 215,475           | 102,595          |
| Investment income (loss)                                             | 4,386                            | 15,400                     | 19,786            | 40,843           |
| Other income                                                         | 5,500                            | -                          | 5,500             | 3,247            |
| Amounts released from restriction - time restriction met             | 1,159,535                        | (1,159,535)                | -                 | -                |
| <b>Total support, revenue and reclassifications</b>                  | <b>1,532,808</b>                 | <b>(240,260)</b>           | <b>1,292,548</b>  | <b>1,212,268</b> |
| <b>Expenses</b>                                                      |                                  |                            |                   |                  |
| Community partner support and programs                               | 1,379,241                        | -                          | 1,379,241         | 1,290,136        |
| General and administrative                                           | 85,346                           | -                          | 85,346            | 85,761           |
| Fundraising                                                          | 101,096                          | -                          | 101,096           | 101,058          |
| United Way Worldwide Dues (unallocated)                              | 15,032                           | -                          | 15,032            | 16,692           |
| <b>Total expenses</b>                                                | <b>1,580,714</b>                 | <b>-</b>                   | <b>1,580,714</b>  | <b>1,493,647</b> |
| <b>CHANGE IN NET ASSETS FROM CONTINUING OPERATIONS</b>               | <b>(47,906)</b>                  | <b>(240,260)</b>           | <b>(288,166)</b>  | <b>(281,379)</b> |
| <b>DISCONTINUED OPERATIONS</b>                                       |                                  |                            |                   |                  |
| Rental income - United Way Center                                    | 10,659                           | -                          | 10,659            | 98,337           |
| Less: United Way Center expenses                                     | (7,733)                          | -                          | (7,733)           | (120,478)        |
| Loss on disposal of assets of discontinued operations                | 210,007                          | -                          | 210,007           | -                |
| <b>CHANGE IN NET ASSETS FROM DISCONTINUED OPERATIONS</b>             | <b>(207,081)</b>                 | <b>-</b>                   | <b>(207,081)</b>  | <b>(22,141)</b>  |
| Less: Transfer of assets to Douglas County, Kansas                   | (120,633)                        | -                          | (120,633)         | -                |
| <b>CHANGE IN NET ASSETS</b>                                          | <b>(375,620)</b>                 | <b>(240,260)</b>           | <b>(615,880)</b>  | <b>(281,379)</b> |
| <b>Net assets, beginning of year</b>                                 | <b>554,011</b>                   | <b>633,903</b>             | <b>1,187,914</b>  | <b>1,469,293</b> |
| <b>Net assets, end of year</b>                                       | <b>\$ 178,391</b>                | <b>\$ 393,643</b>          | <b>\$ 572,034</b> | <b>1,187,914</b> |

**UNITED WAY OF DOUGLAS COUNTY, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

| For the years ended December 31,                  | <b>2020</b>                                     |                               |             |                                 | <b>2019</b>  |              |  |
|---------------------------------------------------|-------------------------------------------------|-------------------------------|-------------|---------------------------------|--------------|--------------|--|
|                                                   | Community<br>Partner<br>Support and<br>Programs | General and<br>Administrative | Fundraising | United Way<br>Worldwide<br>Dues | Total        | Total        |  |
| Gross distributions to agencies                   | \$ 988,478                                      | \$ -                          | \$ -        | \$ -                            | \$ 988,478   | 939,871      |  |
| Less: Donor designations to agencies              | (3,743)                                         | -                             | -           | -                               | (3,743)      | (42,371)     |  |
| <b>Net allocations granted to agency programs</b> | 984,735                                         | -                             | -           | -                               | 984,735      | 897,500      |  |
| Grants and assistance to individuals              | 106,869                                         | -                             | -           | -                               | 106,869      | 102,886      |  |
| <b>Total allocations and grants</b>               | 1,091,604                                       | -                             | -           | -                               | 1,091,604    | 1,000,386    |  |
| Salaries                                          | 166,628                                         | 48,600                        | 62,486      | -                               | 277,714      | 287,581      |  |
| Payroll taxes                                     | 12,915                                          | 3,767                         | 4,843       | -                               | 21,525       | 21,980       |  |
| Benefits and retirement plan                      | 15,715                                          | 4,583                         | 5,893       | -                               | 26,191       | 28,506       |  |
| <b>Subtotal</b>                                   | 195,258                                         | 56,950                        | 73,222      | -                               | 325,430      | 338,067      |  |
| Supplies                                          | 4,525                                           | 1,320                         | 1,697       | -                               | 7,542        | 3,223        |  |
| Telephone                                         | 2,725                                           | 795                           | 1,022       | -                               | 4,542        | 1,991        |  |
| Postage and shipping                              | 1,576                                           | 460                           | 590         | -                               | 2,626        | 851          |  |
| Equipment rental and maintenance                  | 9,544                                           | 1,123                         | 561         | -                               | 11,228       | 30,338       |  |
| Professional fees                                 | 14,826                                          | 4,324                         | 5,560       | -                               | 24,710       | 19,420       |  |
| Insurance                                         | 3,426                                           | 999                           | 1,285       | -                               | 5,710        | 3,809        |  |
| Travel                                            | 2,071                                           | 604                           | 777         | -                               | 3,452        | 6,432        |  |
| Printing, publication and advertising             | 16,735                                          | 4,881                         | 6,276       | -                               | 27,892       | 24,773       |  |
| Conferences and meetings                          | -                                               | 811                           | -           | -                               | 811          | 2,358        |  |
| Membership dues                                   | -                                               | 534                           | -           | -                               | 534          | 2,051        |  |
| Special events                                    | -                                               | -                             | 6,917       | -                               | 6,917        | 8,873        |  |
| Bank charges                                      | -                                               | 7,638                         | -           | -                               | 7,638        | 5,820        |  |
| Depreciation                                      | 3,379                                           | 398                           | 198         | -                               | 3,975        | 17,576       |  |
| Occupancy                                         | 30,359                                          | 3,572                         | 1,786       | -                               | 35,716       | -            |  |
| Miscellaneous                                     | 3,213                                           | 937                           | 1,205       | -                               | 5,355        | 10,987       |  |
| Dues paid to United Way Worldwide (unallocated)   | -                                               | -                             | -           | 15,032                          | 15,032       | 16,692       |  |
| <b>Subtotal</b>                                   | 92,379                                          | 28,396                        | 27,874      | 15,032                          | 163,680      | 155,194      |  |
| <b>TOTAL EXPENSES</b>                             | \$ 1,379,241                                    | \$ 85,346                     | \$ 101,096  | \$ 15,032                       | \$ 1,580,714 | \$ 1,493,647 |  |

**UNITED WAY OF DOUGLAS COUNTY, INC.**  
**STATEMENTS OF CASH FLOWS**

| For the years ended December 31,                                           | 2020              | 2019              |
|----------------------------------------------------------------------------|-------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                |                   |                   |
| Change in net assets                                                       | \$ (615,880)      | \$ (281,379)      |
| Adjustments to reconcile change in net assets to net operating cash flows: |                   |                   |
| Depreciation                                                               | 3,975             | 17,576            |
| Loss on disposal of assets                                                 | 210,007           | -                 |
| Donation of securities                                                     | (13,238)          | -                 |
| Net realized and unrealized losses and fees                                | (16,135)          | (29,005)          |
| (Increase) decrease in operating assets:                                   |                   |                   |
| Pledges and accounts receivable, net                                       | (1,188)           | 66,251            |
| Increase (decrease) in operating liabilities:                              |                   |                   |
| Accounts payable and accrued expenses                                      | 11,760            | 7,976             |
| Donor designations payable                                                 | 3,743             | 42,371            |
| Refundable advances                                                        | -                 | (3,461)           |
| <b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>                         | <b>(416,955)</b>  | <b>(179,671)</b>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                |                   |                   |
| Purchase of investments                                                    | -                 | (2,684)           |
| Purchase of property and equipment                                         | (1,086)           | (1,309)           |
| <b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>                         | <b>(1,086)</b>    | <b>(3,993)</b>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                |                   |                   |
| Proceeds from Paycheck Protection Program loan                             | 55,390            | -                 |
| <b>NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES</b>                     | <b>55,390</b>     | <b>-</b>          |
| Net decrease in cash and cash equivalents                                  | (362,651)         | (183,664)         |
| Cash and cash equivalents, beginning of year                               | 641,479           | 825,143           |
| <b>Cash and cash equivalents, end of year</b>                              | <b>\$ 278,828</b> | <b>\$ 641,479</b> |

## **UNITED WAY OF DOUGLAS COUNTY, INC.**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1. NATURE OF ORGANIZATION**

United Way of Douglas County, Inc. (the Organization or United Way) is a tax-exempt, nonprofit organization which was incorporated under the laws of the state of Kansas. The Organization is a voluntary health and welfare organization distributing pledges to service organizations. The Organization is primarily supported through contributions from businesses and individuals and state and local grants.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

##### **Basis of presentation**

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

The Organization's unspent contributions are reported in net assets with donor contributions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

The Organization's donor-restricted endowment funds, including the unspent appreciation of the endowment fund and the portion of the Organization's donor-restricted endowment funds that the Organization is committed to maintaining in perpetuity are classified in net assets with donor restrictions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

##### **Use of estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

## **UNITED WAY OF DOUGLAS COUNTY, INC.**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **Comparative 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

#### **Revenue recognition**

Rental income is recorded as it becomes receivable according to the provisions of each respective lease. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Management has reviewed the provisions of ASU No. 2014-09, Revenue from Contracts with Customers, and does not believe this standard has a material impact on recognition of revenue.

#### **Revenue with and without donor restrictions**

Contributions that are restricted by the donor or with donor-imposed conditions are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) or conditions are met in the reporting period in which the revenue is recognized. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets with donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

#### **Cash and cash equivalents**

The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

#### **Promises to give**

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using net present value utilizing an appropriate discount rate. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date.

United Way uses the allowance method to determine uncollectible pledges. The allowance estimated by management is based primarily on past campaign experience, applied to gross campaign revenues which include amounts designated by the donor.

## UNITED WAY OF DOUGLAS COUNTY, INC.

### NOTES TO THE FINANCIAL STATEMENTS

#### Investments

United Way records investments in securities at the fair value on date of purchase or donation and recognizes the unrealized gain or loss resulting from the difference between cost and fair value in the statement of activities. Investments with readily determinable fair values are stated at fair value in the Statement of Financial Position.

#### Property and equipment

Fixed assets are recorded at cost, if purchased. Donated fixed assets are reported at estimated fair value at the date of contribution. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. United Way capitalizes property and equipment with a cost over \$500 and an estimated useful life of two years or more. Depreciation is recorded on the straight-line method over the estimated useful lives of the assets as follows:

|                         | Life          |
|-------------------------|---------------|
| Furniture and equipment | 3 - 10 years  |
| Computers and software  | 2 - 7 years   |
| Leasehold improvements  | 10 - 40 years |

#### Agency transactions

United Way, acting as an agent, receives cash contributions from individuals, small businesses, large corporations and other local United Ways. These donations are transferred to the designated recipients based on the wishes of the donor and are excluded from revenues.

#### Donated services and in-kind contributions

Accounting principles for non-profit organizations require donated services which require specific expertise or enhance a non-financial asset be recorded in the financial statements at their fair value. For the years ended December 31, 2020 and 2019, United Way has recorded in-kind contributions as revenue and expense totaling \$8,467 and \$32,400, respectively. In addition, many individuals have donated significant amounts of their time in organizational governance, program services and resource development efforts. No amounts have been reflected in the statements for these donated hours as they did not meet the accounting principles criteria for recognition.

#### Advertising costs

Advertising costs are charged to operations when incurred. Advertising expense charged to operations is \$0 and \$12,075 for the years ended December 31, 2020 and 2019, respectively.

#### Income taxes

The Organization is exempt from income tax under Internal Revenue Code Section 501(c)(3). The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

The Organization has adopted the provisions of FASB ASC 740-10, Accounting for Income Taxes. This standard clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. The standard prescribes recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The Organization has not identified any uncertain tax positions. The Organization's income tax returns are subject to review and examination by federal authorities. The Organization is not aware of any activities that are subject to tax on unrelated business income or excise or other taxes.

## **UNITED WAY OF DOUGLAS COUNTY, INC.**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **Fair value measurements**

United Way adopted the provisions of FASB ASC 820-10. Under this standard, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

In determining fair value, United Way uses various valuation approaches. FASB ASC 820-10 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Organization.

Unobservable inputs are inputs that reflect the Organization’s assumption about the assumptions the market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 - Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary from product to product and is affected by a wide variety of factors, including, for example, the type of product, whether the product is new and not yet established in the marketplace, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by United Way in determining fair value is greatest for instruments categorized in Level 3.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Fair value is a market-based measure considered from the perspective of market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, United Way’s own assumptions are set to reflect those that United Way believes market participants would use in pricing the asset or liability at the measurement date.

**UNITED WAY OF DOUGLAS COUNTY, INC.****NOTES TO THE FINANCIAL STATEMENTS****Beneficial interest in assets held by others**

The Organization established a fund held by Douglas County Community Foundation (DCCF). The balance consists of the funds allocation of the pooled investment account held by DCCF. The Organization granted variance power to DCCF, which allows DCCF to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgement of the DCCF's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The fund is held and invested by DCCF for the benefit of the Organization and is reported at fair value in the statements of financial position, with distributions and changes in fair value recognized in the statements of activities.

**3. LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31:

|                                                                                              | 2020              | 2019                |
|----------------------------------------------------------------------------------------------|-------------------|---------------------|
| Cash and cash equivalents                                                                    | \$ 278,828        | \$ 641,479          |
| Pledges and accounts receivable, net                                                         | 206,518           | 205,330             |
| Investments, at fair value                                                                   | 12,914            | -                   |
| Beneficial interest in assets held by others                                                 | 250,770           | 234,311             |
| <b>Total financial assets available within one year</b>                                      | <b>\$ 749,030</b> | <b>\$ 1,081,120</b> |
| Less those generally unavailable for expenditure due to:                                     |                   |                     |
| Donor imposed purpose restrictions                                                           | 149,158           | 133,899             |
| Donor-imposed restrictions perpetual in nature                                               | 129,585           | 128,382             |
| <b>Financial assets available to meet cash need for general expenditures within one year</b> | <b>\$ 470,287</b> | <b>\$ 818,839</b>   |

The Organization regularly monitors liquidity to meet its operating needs, commitments and obligations, while striving to maximize the investments of its available funds. For purposes of analyzing resources available to meet general expenditures over the next 12 months, the Organization considers all expenditures related to its ongoing mission. The Organization anticipates collecting sufficient revenue from contributions and other sources to cover general expenditures not covered by donor-restricted resources.

**4. CONDITIONAL PROMISES TO GIVE**

During the years ended December 31, 2020 and 2019, the Organization received restricted grants totaling \$232,185 and \$0, respectively. Since these grants represent conditional promises to give, they are not recorded as contribution revenue until donor conditions are met. As of December 31, 2020 and 2019, \$186,077 and \$0 of these restricted grants have not yet been recorded as contribution revenue, respectively.

**UNITED WAY OF DOUGLAS COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**5. INVESTMENTS**

Investments held by the Organization consist of the following as of December 31, 2020:

|                | Cost basis       | Fair value       | Unrealized appreciation |
|----------------|------------------|------------------|-------------------------|
| Brokerage cash | \$ 6,810         | \$ 6,810         | \$ -                    |
| Common stock   | 4,195            | 6,104            | 1,909                   |
| <b>Total</b>   | <b>\$ 11,004</b> | <b>\$ 12,914</b> | <b>\$ 1,909</b>         |

**6. FAIR VALUE DISCLOSURE**

As discussed in Note 2, the Organization has received a beneficial interest in the DCCF pooled investment fund. The investment policy governing the underlying investments is established by the Board of Directors of the Douglas County Community Foundation. These assets are measured at fair value on a recurring basis, and at December 31, 2020 and 2019 are classified as Level 3.

Unobservable inputs reflect DCCF's assumptions that market participants would use in pricing the pooled investments, developed on the best information available in the circumstances, including assumptions about risk. Inputs may include market price information, volatility statistics, specific board credit data, liquidity statistics, and other factors.

The following is a reconciliation of the activity related to the Level 3 investments for the year ended December 31, 2020:

|                    | 2020              | 2019              |
|--------------------|-------------------|-------------------|
| Beginning of year  | \$ 234,311        | \$ 202,622        |
| Contributions      | 1,200             | 1,000             |
| Investment Income  | 6,394             | 8,001             |
| Net appreciation   | 11,093            | 27,291            |
| Fees               | (2,228)           | (4,603)           |
| <b>End of year</b> | <b>\$ 250,770</b> | <b>\$ 234,311</b> |

Fair value of assets measured on a recurring basis as of December 31, 2020 are as follows:

|                                              | Level 1          | Level 2     | Level 3           | Total             |
|----------------------------------------------|------------------|-------------|-------------------|-------------------|
| <b>Investments</b>                           |                  |             |                   |                   |
| Brokerage cash                               | \$ 6,810         | \$ -        | \$ -              | \$ 6,810          |
| <b>Total brokerage cash</b>                  | <b>6,810</b>     | <b>-</b>    | <b>-</b>          | <b>6,810</b>      |
| <b>Equities</b>                              |                  |             |                   |                   |
| Large Core                                   | 6,104            | -           | -                 | 6,104             |
| <b>Total equities</b>                        | <b>6,104</b>     | <b>-</b>    | <b>-</b>          | <b>6,104</b>      |
| <b>Total investments</b>                     | <b>12,914</b>    | <b>-</b>    | <b>-</b>          | <b>12,914</b>     |
| Beneficial interest in assets held by others | -                | -           | 250,770           | 250,770           |
| <b>Total</b>                                 | <b>\$ 12,914</b> | <b>\$ -</b> | <b>\$ 250,770</b> | <b>\$ 263,684</b> |

**UNITED WAY OF DOUGLAS COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

Fair value in assets measured on a recurring basis as of December 31, 2019 are as follows:

|                                              | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
|----------------------------------------------|----------------|----------------|----------------|--------------|
| Beneficial interest in assets held by others | \$ -           | \$ -           | \$ 234,311     | \$ 234,311   |
| <b>Total</b>                                 | \$ -           | \$ -           | \$ 234,311     | \$ 234,311   |

**7. PROPERTY AND EQUIPMENT, NET**

The cost and related accumulated depreciation of property and equipment at December 31, are as follows:

|                                   | <b>2020</b> | <b>2019</b> |
|-----------------------------------|-------------|-------------|
| Furniture and equipment           | \$ 47,535   | \$ 46,451   |
| Computers and software            | 32,966      | 32,966      |
| Leasehold improvements            | -           | 491,833     |
| <b>Total cost</b>                 | 80,501      | 571,250     |
| Less accumulated depreciation     | (76,476)    | (354,328)   |
| <b>Net property and equipment</b> | \$ 4,025    | \$ 216,922  |

Depreciation expense charged to operations is \$3,975 and \$17,576 for the years ended December 31, 2020 and 2019, respectively.

The following table provides a reconciliation of property and equipment, net reported within the statements of financial position to the totals of the same such amounts as noted above as of December 31:

|                                                                     | <b>2020</b> | <b>2019</b> |
|---------------------------------------------------------------------|-------------|-------------|
| Property and equipment, net                                         | \$ 4,025    | \$ 4,306    |
| Building and leasehold improvements of discontinued operations, net | -           | 212,616     |
| <b>Net property and equipment</b>                                   | \$ 4,025    | \$ 216,922  |

**8. PROMISES TO GIVE**

Pledges receivable (promises to give) consist of campaign pledges. The pledges are substantially collected within 12-18 months of the initial pledge therefore no discount is reflected to adjust the pledges to present value at the time of the pledge. Pledges receivable comprise the following as of December 31:

|                                | <b>2020</b> | <b>2019</b> |
|--------------------------------|-------------|-------------|
| 2018-2019 Campaign Year        | \$ -        | \$ 128,507  |
| 2019-2020 Campaign Year        | 147,507     | 195,343     |
| 2020-2021 Campaign Year        | 140,804     | -           |
| Other                          | 61,851      | (4,866)     |
| Less allowance                 | (143,644)   | (113,654)   |
| <b>Pledges receivable, net</b> | \$ 206,518  | \$ 205,330  |

**UNITED WAY OF DOUGLAS COUNTY, INC.****NOTES TO THE FINANCIAL STATEMENTS****9. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions comprised the following as of December 31:

|                                                                                            | <b>2020</b>       | <b>2019</b>       |
|--------------------------------------------------------------------------------------------|-------------------|-------------------|
| Subject to expenditures for specified time period:                                         |                   |                   |
| 2019-2020 Campaign                                                                         | \$ -              | \$ 371,622        |
| 2020-2021 Campaign                                                                         | 114,900           | -                 |
| <b>Total</b>                                                                               | <b>\$ 114,900</b> | <b>\$ 371,622</b> |
| Subject to expenditures for specified purposes:                                            |                   |                   |
| Roger Hill Volunteer Center                                                                | \$ 22,741         | \$ 22,738         |
| Technology (Peggy Beecher Memorial Fund)                                                   | 5,232             | 5,232             |
| Pool passes (Mengel)                                                                       | 12,698            | 9,476             |
| Endowment appropriations                                                                   | 108,487           | 96,453            |
| <b>Total</b>                                                                               | <b>\$ 149,158</b> | <b>\$ 133,899</b> |
| Subject to United Way's endowment spending policy and appropriation, (perpetual in nature) |                   |                   |
| Mengel - Pool Passes                                                                       | \$ 40,000         | \$ 40,000         |
| Endowment Fund                                                                             | 89,585            | 88,382            |
| <b>Total</b>                                                                               | <b>\$ 129,585</b> | <b>\$ 128,382</b> |

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors as follows:

|                                          | <b>2020</b>         | <b>2019</b>         |
|------------------------------------------|---------------------|---------------------|
| Satisfaction of time restrictions:       |                     |                     |
| 2018-2019 Campaign                       | \$ -                | \$ 1,120,984        |
| 2019-2020 Campaign                       | 1,159,535           | -                   |
| <b>Total</b>                             | <b>\$ 1,159,535</b> | <b>\$ 1,120,984</b> |
| Satisfaction of purpose restrictions:    |                     |                     |
| Technology (Peggy Beecher Memorial Fund) | \$ -                | \$ 1,309            |
| Pool passes (Mengel)                     | -                   | 2,400               |
| <b>Total</b>                             | <b>\$ -</b>         | <b>\$ 3,709</b>     |

**10. ENDOWMENTS**

United Way's perpetually restricted net assets includes donor-restricted endowment funds. As required by U.S. GAAP, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of relevant law**

The Board of Directors of United Way has interpreted the law (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 United Way classifies as donor-restricted, perpetual in nature, 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 as donor-restricted, perpetual in nature is classified as donor-restricted, purpose restricted in nature until those amounts are appropriated for expenditures by the United Way in a manner consistent with

**UNITED WAY OF DOUGLAS COUNTY, INC.****NOTES TO THE FINANCIAL STATEMENTS**

the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, United Way 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 purpose 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 United Way
- (7) The investment policies of United Way

**Funds with deficiencies**

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 applicable state law require United Way to retain as a fund of perpetual duration. There were no deficiencies at December 31, 2020.

**Return objectives and risk parameters**

United Way has adopted investment and spending policies for endowment assets that attempt to maximize long-term gains with an acceptable level of risk and to provide funding for special projects or initiatives, to act as an emergency source funding source or to fund capital expenditures. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for donor-restricted periods. Under this policy, as approved by the Board of Directors, the endowment assets are invested by Douglas County Community Foundation in their pooled investment accounts.

**Spending policy and how the investment objective relate to spending policy**

Distribution of endowment funds are approved by the Board of Directors and are made when deemed appropriate. The current Board of Directors' policy is to promote growth and reinvestment of the endowment funds and they have appropriated no endowed funds for spending. This is consistent with the United Way's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specific term as well as to provide additional real growth through new gifts and investment return.

Changes in endowment net assets with donor restrictions as of December 31, are as follows:

|                                          | <b>2020</b>       | <b>2019</b>       |
|------------------------------------------|-------------------|-------------------|
| Endowment net assets, beginning of year  | \$ 234,311        | \$ 202,622        |
| Contributions                            | 1,200             | 1,000             |
| Investment Income                        | 6,394             | 8,001             |
| Net appreciation                         | 11,093            | 27,291            |
| Amounts appropriated for expenditure     | (2,228)           | (4,603)           |
| <b>Endowment net assets, end of year</b> | <b>\$ 250,770</b> | <b>\$ 234,311</b> |

**UNITED WAY OF DOUGLAS COUNTY, INC.****NOTES TO THE FINANCIAL STATEMENTS**

The endowment net assets are comprised of the following as of December 31:

|                                                           | <b>2020</b>       | <b>2019</b>       |
|-----------------------------------------------------------|-------------------|-------------------|
| Net assets with donor restrictions - purpose restrictions |                   |                   |
| Mengel - Pool Passes Earnings                             | \$ 12,698         | \$ 9,476          |
| Endowment Earnings                                        | 108,487           | 96,453            |
| <b>Total - purpose restrictions</b>                       | <b>121,185</b>    | <b>105,929</b>    |
| Net assets with donor restrictions - perpetual in nature  |                   |                   |
| Mengel - Pool Passes                                      | 40,000            | 40,000            |
| Endowment Fund                                            | 89,585            | 88,382            |
| <b>Total - perpetual in nature</b>                        | <b>129,585</b>    | <b>128,382</b>    |
| <b>Total endowment net assets</b>                         | <b>\$ 250,770</b> | <b>\$ 234,311</b> |

**11. OPERATING LEASES**

United Way entered into a lease agreement with Douglas County effective September 10, 2011 and expiring December 31, 2026. The original lease provided that during the first 36 months of the lease, United Way was not required to make any regular payments. The lease was amended in 2012 to increase the number of months without rent payments to 60 in exchange for the United Way sharing in the expense of a new boiler.

On February 11, 2015, the lease was amended a second time. The lease amended the period of rent-free months to end on September 1, 2017, or 21 months earlier than the lease amendment as the County replaced the roof on the building United Way leases. United Way paid \$50,000 of the cost of the roof. The amendment also requires monthly payments be made to achieve and maintain a building reserve fund of \$150,000, commencing January 1, 2015 and continuing during the lease term. The original amendment had this date commencing on October 1, 2017. Douglas County determines and provides United Way with a written notice of the precise amount of these payments but only after consultation and negotiation in good faith with United Way. The amount was set at \$1,320 per month. Douglas County and United Way will review and revise these payments in a similar manner, as appropriate, every 36 months during the remainder of the lease. The purpose of the reserve fund is to provide funds for major repairs and sustaining the United Way building without using Douglas County's general fund money. The amount to be paid for rents under the lease cannot be reasonably estimated, however, the future reserve fund payments will be \$15,840 for each of the years ending December 31, United Way has recognized \$8,467 and \$32,400 for 2020 and 2019, respectively as contributed rent based on management's estimate of the fair rental value of the space occupied, and \$2,640 and \$27,720 for 2020 and 2019, respectively as building reserve expense. These amounts are included in United Way center expenses in the statement of activities.

Additionally, United Way leases office equipment under operating leases. The Organization leases its copier machines under an operating lease that is renewable on an annual basis. Lease rent expense amounts to \$357 and \$1,697 for the years ended December 31, 2020 and 2019, respectively.

**12. DISCONTINUED OPERATIONS**

In March 2020, the lease was terminated with mutual agreement between the United Way and the County. The Organization accounts for the building management of the United Way Center as a discontinued operation. At that time, the United Way returned \$120,633 in accumulated earnings from operations of the United Way building. The United Way has no further obligations to the County after the termination of the lease. The United Way had a loss of \$210,007 with the disposition of leasehold improvements associated with this building for the year ended December 31, 2020.

**UNITED WAY OF DOUGLAS COUNTY, INC.****NOTES TO THE FINANCIAL STATEMENTS**

A summary of the results of operations of the discontinued building management of the United Way Center unit follows:

| For the years ended December 31,                      | 2020         | 2019        |
|-------------------------------------------------------|--------------|-------------|
| Revenue                                               | \$ 10,659    | \$ 98,337   |
| Expenses                                              | (7,733)      | (120,478)   |
| Loss on disposal of assets of discontinued operations | (210,007)    | -           |
| Change in net assets from discontinued operations     | \$ (207,081) | \$ (22,141) |

Assets of the building management of the United Way Center, consisting primarily of leasehold improvements, have been recorded at their estimated net realizable values and are carried as a current asset under the caption "Building and leasehold improvements of discontinued operations, net" in the accompanying statements of financial position.

**13. FUNCTIONAL EXPENSES**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, occupancy and equipment rental and maintenance, which is allocated on a square footage basis, as well as salaries, payroll taxes, benefits and retirement plan, supplies, telephone, postage and shipping, professional fees, insurance, travel, printing, publication and advertising and miscellaneous, which are allocated on the basis of estimates of time and effort.

**14. PAYCHECK PROTECTION PROGRAM LOAN**

During May 2020, the Organization received a loan in the amount of \$55,390 as part of the Paycheck Protection Program (PPP) through the U.S. Small Business Administration (SBA). The PPP loan is designed to provide a direct incentive for small businesses to keep their workers on the payroll in response to the outbreak of the COVID-19 coronavirus in 2020. SBA will forgive loans if all employee retention criteria are met, and the funds are used for eligible expenses. As of October 18, 2021, the Organization has applied for forgiveness but not been granted forgiveness of the loan.

**15. CONCENTRATIONS OF CREDIT AND MARKET RISKS**

Primarily all of United Way's revenues and receivables are from businesses and individuals located in the Douglas, Shawnee, and Johnson County areas in the State of Kansas.

United Way maintains cash in bank and brokerage accounts which at times may exceed their federally insured limits of \$250,000 set by the Federal Deposit Insurance Corporation (FDIC). The accounts are held by banks and brokerage firms that are well established and highly regarded. United Way has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on these balances. Cash balances exceed federally insured limits at December 31, 2020 and 2019 in the amount of \$13,589 and \$90,260, respectively.

## **UNITED WAY OF DOUGLAS COUNTY, INC.**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **16. RISKS AND UNCERTAINTIES**

As a result of significant disruption in the U.S. economy due to the outbreak of the COVID-19 Coronavirus in 2020, uncertainties have arisen which potentially may impact future operating results. The duration and extent to which COVID-19 may impact financial performance is being monitored closely by management and they believe any potential disruption in business to be temporary.

#### **17. RELATED PARTY TRANSACTIONS**

Annual dues are paid to United Way Worldwide. These totaled \$15,032 and \$16,692 for the years ended December 31, 2020 and 2019, respectively.

United Way leases space to a number of member organizations through March of 2020. Total rent received was \$10,659 and \$98,337 for the years ended December 31, 2020 and 2019, respectively.

#### **18. EMPLOYEE BENEFIT PLAN**

The Organization has implemented a simplified employee pension agreement. Employees become eligible when they have worked in at least two of the preceding five years and are at least 21 years of age. Contributions to the plan are determined as a percentage of each covered employee's salary. Contributions for the years ended December 31, 2020 and 2019 were \$0 and \$6,500, respectively.

#### **19. COMPENSATED ABSENCES**

The Organization provides for paid time to its employee. Paid time off is accrued at based on the years of service an employee is with the Organization. The maximum carryover of paid time off is 160 hours. Unused paid time off is paid upon separation.

The Organization has accrued \$21,806 and \$16,406 in paid time off as of December 31, 2020 and 2019, respectively.

#### **20. PENDING ACCOUNTING PRONOUNCEMENTS**

In February 2016, FASB issued ASU 2016-02, *Leases*, which, among other things, requires the recognition of lease assets and lease liabilities for operating leases on the statement of financial position for lessees, and the disclosure of key information about leasing arrangements. The standard is effective for fiscal years beginning after December 15, 2021. Early application is permitted. The standard will need to be applied retrospectively in the year adopted. It is management's responsibility to ensure appropriate adoption of ASU 2016-02. Adoption of the standard is not expected to have a significant impact on the Organization's financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard provides additional guidance on how to record in-kind contributions and includes expanded disclosure requirements. ASU 2020-07 is effective for annual reporting periods in fiscal years that begin after June 15, 2021. Early application is permitted. The standard will need to be applied retrospectively in the year adopted. It is management's responsibility to ensure appropriate adoption of ASU 2020-07. Adoption of the standard is not expected to have a significant impact on the Organization's financial statements.

**UNITED WAY OF DOUGLAS COUNTY, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**21. SUBSEQUENT EVENTS**

The United Way has evaluated subsequent events through October 18, 2021, the date that the financial statements were available to be issued.

During April of 2021, the Organization received a loan in the amount of \$66,074 from the Payroll Protection Program (PPP). The final terms of forgiveness or repayment of the PPP funds are not final as of the date of this report.