

United Way of Junction City-Geary County, Inc.

**Financial Statements
As of December 31, 2022 and 2021
and For the Years Then Ended**

With Report by Independent Accountants



Table of Contents

	Page
Independent Accountant's Review Report on Financial Statements	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4 – 5
Statements of Cash Flows	6
Notes to Financial Statements	7 – 10



To the Board of Directors

United Way of Junction City-Geary County, Inc.
139 E 8th St
Junction City, KS 66441

March 29, 2023

Independent Accountant's Review Report

We have reviewed the accompanying financial statements of United Way of Junction City-Geary County, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management.

A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Kientz & Penick, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 60,760	\$ 54,431
Contributions receivable, net	34,920	23,088
Total Current Assets	<u>95,680</u>	<u>77,519</u>
Noncurrent Assets		
Investments	23,986	27,800
Total Assets	<u>\$ 119,666</u>	<u>\$ 105,319</u>
 Liabilities and Net Assets		
Liabilities (each is current)		
Accounts payable	\$ 450	\$ 380
Grants payable	16,444	13,300
Total Liabilities	<u>16,894</u>	<u>13,680</u>
Net Assets		
Without donor restrictions	57,852	58,551
With donor restrictions	44,920	33,088
Total Net Assets	<u>102,772</u>	<u>91,639</u>
Total Liabilities and Net Assets	<u>\$ 119,666</u>	<u>\$ 105,319</u>

	2022			2021		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Operating Revenues						
Public Support						
Federated campaign	\$ -	\$ 131,917	\$ 131,917	\$ -	\$ 93,602	\$ 93,602
Fundraising events, net	(5,740)	-	(5,740)	(2,908)	-	(2,908)
Governmental grants	-	-	-	15,104	-	15,104
Other contributions	2,283	-	2,283	11,806	-	11,806
Release of donor restrictions	118,580	(118,580)	-	91,649	(91,649)	-
Total Operating Revenues	<u>115,123</u>	<u>13,337</u>	<u>128,460</u>	<u>115,651</u>	<u>1,953</u>	<u>117,604</u>
Operating Expenses						
Program services	82,101	-	82,101	27,608	-	27,608
Supporting services	29,909	-	29,909	27,742	-	27,742
Total Operating Expenses	<u>112,010</u>	<u>-</u>	<u>112,010</u>	<u>55,350</u>	<u>-</u>	<u>55,350</u>
Net Operating Revenue	<u>3,113</u>	<u>13,337</u>	<u>16,450</u>	<u>60,301</u>	<u>1,953</u>	<u>62,254</u>
Other Changes in Net Assets						
Net investment return (loss)	(3,812)	-	(3,812)	4,150	-	4,150
Financing loss on uncollectable receivables	<u>-</u>	<u>(1,505)</u>	<u>(1,505)</u>	<u>-</u>	<u>(9,000)</u>	<u>(9,000)</u>
Total of Other Changes in Net Assets	<u>(3,812)</u>	<u>(1,505)</u>	<u>(5,317)</u>	<u>4,150</u>	<u>(9,000)</u>	<u>(4,850)</u>
Total Changes in Net Assets	<u>(699)</u>	<u>11,832</u>	<u>11,133</u>	<u>64,451</u>	<u>(7,047)</u>	<u>57,404</u>
Net Assets – Beginning	<u>58,551</u>	<u>33,088</u>	<u>91,639</u>	<u>(5,900)</u>	<u>40,135</u>	<u>34,235</u>
Net Assets – Ending	<u>\$ 57,852</u>	<u>\$ 44,920</u>	<u>\$ 102,772</u>	<u>\$ 58,551</u>	<u>\$ 33,088</u>	<u>\$ 91,639</u>

		Supporting Services			Total Operating Expenses
		Program Services	Management and General	Fundraising	
Grants to organizations	\$	67,093	\$ -	\$ -	\$ -
Salaries and wages	*	13,250	6,625	2,208	8,833
Employee retirement	*	720	360	120	480
Payroll taxes	*	1,038	519	173	692
Fees for accounting services		-	7,475	-	7,475
Advertising and promotion		-	1,423	-	1,423
Supply and office expense		-	2,259	-	2,259
Information technology		-	1,333	-	1,333
Occupancy		-	3,600	-	3,600
Conferences and meetings		-	118	-	118
Payments to affiliates		-	1,313	-	1,313
Insurance		-	1,711	-	1,711
Dues and subscriptions		-	672	-	672
Total Operating Expenses	\$	82,101	\$ 27,408	\$ 2,501	\$ 29,909

* Each of these expense lines contains joint costs that are attributed to more than one program or supporting service and these joint costs have been allocated to the services on the basis of estimates of time and effort.

		Supporting Services			
	Program Services	Management and General	Fundraising	Total Supporting Services	Total Operating Expenses
Grants to organizations	\$ 13,300	\$ -	\$ -	\$ -	\$ 13,300
Salaries and wages	* 12,600	6,300	2,100	8,400	21,000
Employee retirement	* 720	360	120	480	1,200
Payroll taxes	* 988	494	165	659	1,647
Fees for accounting services	-	4,630	-	4,630	4,630
Advertising and promotion	-	746	-	746	746
Supply and office expense	-	2,514	-	2,514	2,514
Information technology	-	904	-	904	904
Occupancy	-	3,600	-	3,600	3,600
Travel	-	150	-	150	150
Conferences and meetings	-	520	-	520	520
Payments to affiliates	-	2,625	-	2,625	2,625
Insurance	-	1,621	-	1,621	1,621
Dues and subscriptions	-	893	-	893	893
Total Operating Expenses	\$ 27,608	\$ 25,357	\$ 2,385	\$ 27,742	\$ 55,350

* Each of these expense lines contains joint costs that are attributed to more than one program or supporting service and these joint costs have been allocated to the services on the basis of estimates of time and effort.

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 11,133	\$ 57,404
Adjustments to Reconcile to Net Operating Cash Flow		
Net investment (return) loss on marketable securities	3,814	(4,126)
Net Operating Changes in:		
Contributions receivable, net	(11,832)	7,047
Accounts payable	70	80
Grants payable	<u>3,144</u>	<u>(51,500)</u>
Net Change in Cash and Cash Equivalents	6,329	8,905
Cash and Cash Equivalents – Beginning	54,431	45,526
Cash and Cash Equivalents – Ending	<u>\$ 60,760</u>	<u>\$ 54,431</u>

Note 1: Summary of Significant Accounting Policies**Organization and Principal Activities**

United Way of Junction City – Geary County, Inc. (the Organization) was organized in 1961 as a non-profit Kansas corporation to engage the local community in Junction City and Geary County, Kansas in creating community-based and community-led solutions that strengthen the cornerstones for a good quality of life: education, financial stability and health. The Organization works with businesses, government, schools, faith groups, the media, individual community members, and other nonprofit organizations.

The Organization accomplishes this mission primarily through operating a federated campaign each year which is intended to generate contributions that can be allocated to community partners.

Basis of Accounting and Financial Reporting

The Organization's policy is to prepare its financial statements on the accrual basis of accounting in accordance with financial reporting provisions prescribed by the Financial Accounting Standards Board. This basis of accounting is commonly known as U.S. Generally Accepted Accounting Principles (U.S. GAAP).

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return or loss is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Financial Institution Risk

The Organization manages deposit concentration risk by placing banking deposits with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses related to this type of risk.

Investments are made by a reputable investment manager whose performance is monitored by the Organization. Although the fair values of investments are subject to market fluctuation on a year-to-year basis, the Organization believes that its investment policies and guidelines are prudent for its long-term welfare.

Contributions Receivable, Net

The Organization operates an annual federated pledge campaign year in order to finance grant allocations. This campaign is operated from July through June, which is different than the fiscal calendar year used by the Organization for financial reporting purposes. Contributions receivable, and related contribution revenue, are recognized when a donor makes an unconditional promise to give toward the annual federated campaign.

Any contributions which are not collected by December 31 are evaluated for collectability using historical collection experience and an assessment of economic conditions. Based on this information, the Organization estimates an allowance for uncollectable contributions which is reported as a reduction of the gross receivable on the statements of financial position with a corresponding and offsetting reduction to contribution revenue reported on the statements of activities. Contributions receivable are written off when determined to be uncollectable. Amounts written off in excess of the allowance for uncollectable accounts are reported on the statements of activities as a financing loss attributable to prior years.

Note 1: Summary of Significant Accounting Policies (continued)

Net Assets

Net Assets With Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition – Public Support

Contributions and grants are recognized when cash, securities 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. Granted funds which are received in advance of the period appropriated are deferred when significant criteria are necessary to achieve the purpose of the grant and a right of return exists for failure to achieve the intended purpose of the grant.

Functional Allocation of Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of these financial statements in conformity with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates, and those differences could be material.

Income Taxes

The Organization is organized as a Kansas nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3). Further, the Organization qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and has been determined not to be a private foundation under IRC Sections 509(a)(1).

The Organization is annually required to file a Short Form Return of Organization Exempt from Income Tax (Form 990-EZ) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. For the years ended December 31, 2022 and 2021, the Organization has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Returns filed by the Organization are subject to IRS examination, generally for three years after each return is filed. No taxing authorities have commenced income tax examinations for open tax years.

Subsequent Events

The Organization has evaluated subsequent events through March 29, 2023 which is the date the financial statements were available to be issued.

Note 2: Liquidity and Availability

Financial assets as of December 31, 2022 which are available for general expenditure, that is, without donor or other restrictions limiting their use, during 2023 are as follows:

	Liquid	Not Available	Liquid and Available
Cash and cash equivalents	\$ 60,760	\$ 10,000	\$ 50,760
Contributions receivable, net	34,920	-	34,920
Investments	23,986	-	23,986
	<u>\$ 119,666</u>	<u>\$ 10,000</u>	<u>\$ 109,666</u>

Liquid resources which are not available are due to cash held for donor-restricted purposes. Investments are intended to be maintained on a long-term basis but are available for general expenditure if approved by the Organization's board of directors.

Note 3: Contributions Receivable, Net

Contributions receivable, net are composed of the following at December 31,:

	2022	2021
Contributions Receivable, Gross		
2022 federated campaign	\$ 29,215	\$ -
2021 federated campaign	20,115	30,825
2020 federated campaign	-	8,274
Total Contributions Receivables, Gross	<u>49,330</u>	<u>39,099</u>
Allowance for Uncollectable Contributions	(14,410)	(16,011)
Contributions Receivable, Net	<u>\$ 34,920</u>	<u>\$ 23,088</u>

Each contribution receivable is expected to be collected within twelve months. For this reason, contributions receivable, net is reported as a current asset on the statements of financial position.

Note 4: Net Assets with Donor Restrictions

Net Assets with donor restrictions are composed of the following on December 31,:

	2022	2021
Subject to Passage of Time		
Contributions receivable, net	\$ 34,920	\$ 23,088
Spendable for a Specified Purpose		
Credit for Life program	10,000	10,000
	<u>\$ 44,920</u>	<u>\$ 33,088</u>

Amounts subject to passage of time are contributions which have been unconditionally pledged to the Organization's federated campaign, but which have not been collected. The Credit for Life program represents a grant received in 2017 which is intended to finance the operation of a financial counseling program by Central National Bank in Junction City, Kansas.

Net assets released from donor restrictions during 2022 and 2021 were entirely attributable to the change in contributions receivable, net.

Note 5: Grants to Organizations

The Organization allocates available funding to qualifying non-profit organizations in the Junction City, Kansas and Geary County, Kansas area. Grants to organizations were composed of the following for each of the years ending December 31,:

	2022	2021
Big Brothers Big Sisters	\$ -	\$ 1,250
CASA of the 8 th Judicial District	19,792	5,000
Crisis Center	9,271	1,500
Food Pantry	3,587	300
Girls Scouts of NW KS & NW MO	1,979	500
Junction City Pacesetters	-	1,500
Junction City Family YMCA	16,000	-
Kansas Legal Services	11,057	2,625
Pawnee Mental Health	3,807	625
Salvation Army	1,600	-
	<u>\$ 67,093</u>	<u>\$ 13,300</u>

Note 6: Fair Value Measurements and Disclosures

The Organization reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization can access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
- Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset, or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability. The following table presents assets measured at fair value on a recurring basis at December 31:

	Fair Value Level	2022	2021
Assets Measured at Fair Value			
Investments			
Cash equivalent	Level 1	\$ 576	\$ 574
Exchanged traded and closed end funds	Level 1	5,184	6,020
Mutual funds	Level 1	18,226	21,206
Total Assets Measured at Fair Value		<u>\$ 23,986</u>	<u>\$ 27,800</u>