

UNITED WAY OF RENO COUNTY, INC.

Financial Statements With Independent Auditors' Report

For the Year Ended August 31, 2015

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TABLE OF CONTENTS

Independent Auditors' Report	1
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses.....	5
Statements of Cash Flows	7
Notes to Financial Statements	8

Supplementary Information

Schedules of Allocations Awarded to Participating Agencies	18
Schedule of United Way of Reno County Drives	19



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1701 Landon Street

Hutchinson, Kansas 67502-5663

Certified
Public
Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
United Way of Reno County, Inc.
Hutchinson, Kansas

We have audited the accompanying financial statements of **United Way of Reno County, Inc.** (a nonprofit organization), which comprise the statement of financial position as of August 31, 2015, 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.

Auditors' 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 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 Reno County, Inc. as of August 31, 2015, 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 Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 18 to 19 is presented for purposed 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 Unites States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Prior Period Financial Statements

The 2014 financial statements were reviewed by us, and our report thereon, dated January 2, 2015, stated we were not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

Adams, Brown, Beran & Ball, Chartered

ADAMS, BROWN, BERAN & BALL, CHTD.

Certified Public Accountants

February 02, 2016

UNITED WAY OF RENO COUNTY, INC.
 Statements of Financial Position
 August 31, 2015 (Audited) and 2014 (Unaudited)

<u>ASSETS</u>		
	2015	2014
Current Assets		
Cash	\$ 152,972	169,066
Investments	101,279	100,730
Refundable Advance	111,913	117,200
Current Portion of Unconditional Promises to Give, Net of Allowance	512,973	436,586
Prepaid Expenses	10,648	4,891
Total Current Assets	889,785	828,473
Property and Equipment		
Land	22,660	22,660
Building and Building Improvements	109,797	109,797
Equipment and Website Development	51,673	39,708
Accumulated Depreciation	(44,364)	(36,477)
Net Property and Equipment	139,766	135,688
Other Assets		
Unconditional Promises to Give, Net of Allowance, Net of Current Portion	122,532	47,232
Other Contributions Receivable	148,148	-
Restricted Cash - Board Designated	638	2,197
Restricted Cash	-	3,333
Beneficial Interest in Assets Held by Others - Quasi Endowment	93,596	96,298
Temporarily Restricted Investments	156,981	94,350
Total Other Assets	521,895	243,410
Total Assets	\$ 1,551,446	1,207,571
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts Payable	\$ 9,617	10,890
Grants Payable	10,760	-
Payroll Tax Withholdings	6,757	5,970
Accrued Real Estate Taxes	2,958	2,958
Due to Other United Ways	11,478	15,510
Tenant Security Deposits	675	675
Total Current Liabilities	42,245	36,003
Net Assets		
Unrestricted		
Undesignated	150,121	295,497
Board Designated	688,268	642,182
Total Unrestricted Net Assets	838,389	937,679
Temporarily Restricted	670,812	233,889
Total Net Assets	1,509,201	1,171,568
Total Liabilities and Net Assets	\$ 1,551,446	1,207,571

The accompanying notes are an integral part of the financial statements.

UNITED WAY OF RENO COUNTY, INC.
 Statements of Activities
 For the Years Ended August 31, 2015 (Audited) and 2014 (Unaudited)

	<u>2015</u>	<u>2014</u>
Unrestricted Net Assets		
Unrestricted Revenues, Gains, and Other Support		
Gross Campaign Revenues	\$ 1,398,930	1,256,107
Less: Allowance for Uncollectible Pledges	(128,719)	(83,505)
Grant Revenue	62,758	78,471
Contributions Revenue	44,750	22,461
In-Kind Contributions	16,007	11,245
Investment Income (Loss), Net	(7,471)	43,643
Rental Income	7,900	7,180
Other Income	971	1,681
Total Unrestricted Revenues, Gains, and Other Support	<u>1,395,126</u>	<u>1,337,283</u>
Net Assets Released From Restrictions		
Satisfaction of Donors' Restrictions	<u>102,854</u>	<u>183,978</u>
Total Unrestricted Revenues, Gains, and Other Support	<u>1,497,980</u>	<u>1,521,261</u>
Expenses		
Program Services	<u>1,376,964</u>	<u>1,299,381</u>
Supporting Services		
Management and General	115,168	110,886
Fundraising	<u>105,138</u>	<u>90,909</u>
Total Supporting Services	<u>220,306</u>	<u>201,795</u>
Total Expenses	<u>1,597,270</u>	<u>1,501,176</u>
Increase (Decrease) in Unrestricted Net Assets	<u>(99,290)</u>	<u>20,085</u>
Temporarily Restricted Net Assets		
Gross Campaign Revenues - Future Campaign	110,405	66,923
Contributions	429,091	166,966
Investment Income, Net	281	-
Net Assets Released From Donors' Restrictions	<u>(102,854)</u>	<u>(183,978)</u>
Increase in Temporarily Restricted Net Assets	<u>436,923</u>	<u>49,911</u>
Increase in Net Assets	<u>337,633</u>	<u>69,996</u>
Net Assets - Beginning of Year	<u>1,171,568</u>	<u>1,101,572</u>
Net Assets - End of Year	<u>\$ 1,509,201</u>	<u>1,171,568</u>

The accompanying notes are an integral part of the financial statements.

UNITED WAY OF RENO COUNTY, INC.
Statement of Functional Expenses
For the Year Ended August 31, 2015 (Audited)

		2015									
		Program Services					Supporting Services				
		Community Work Day	Dolly Parton Imagination Library	Disaster Relief	Agency Allocation & Development	Avenue A	REIR	Total	Management and General	Fundraising	TOTAL
Allocations and Awards											
Allocations to Participating Agencies	\$	-	-	-	1,125,175	-	-	1,125,175	-	-	1,125,175
Allocations for Disaster Relief		-	-	2,803	-	-	-	2,803	-	-	2,803
Allocations for Dolly Parton Program		-	-	-	-	578	-	578	-	-	578
Total Allocations and Awards		-	-	2,803	1,125,175	578	-	1,128,556	-	-	1,128,556
Salaries and Related Expenses											
Salaries		6,900	8,754	-	6,868	58,157	34,665	115,344	53,426	55,385	224,155
Payroll Taxes		665	843	-	662	5,603	3,340	11,113	5,148	5,335	21,596
Employee Benefits		1,065	1,352	-	1,060	8,979	5,352	17,808	8,250	8,551	34,609
Total Salaries and Related Expenses		8,630	10,949	-	8,590	72,739	43,357	144,265	66,824	69,271	280,360
Other Expenses											
Professional Services		-	-	-	-	-	-	-	8,878	-	8,878
Supplies		3,287	57,061	-	1,207	1,757	1,017	64,329	8,277	1,733	74,339
Printing, Marketing and Advertising		447	280	-	410	16	19	1,172	9,243	18,111	28,526
Postage and Shipping		35	45	-	35	299	178	592	759	3,061	4,412
Telephone and Networks		118	149	-	117	993	592	1,969	912	944	3,825
Occupancy		513	651	-	511	4,325	2,578	8,578	3,973	4,121	16,672
Meeting and Banquets		-	-	-	-	-	-	-	-	1,360	1,360
Travel and Mileage		-	-	-	-	-	-	-	5,321	-	5,321
Insurance		168	213	-	167	1,418	845	2,811	1,303	1,350	5,464
Equipment Maintenance and Rent		226	287	-	225	1,904	1,135	3,777	1,749	1,813	7,339
Conferences		-	-	-	-	-	-	-	3,614	42	3,656
Business Lunches		35	44	-	668	296	363	1,406	701	1,103	3,210
Volunteer Support		13	9	-	7	63	38	130	132	249	511
Miscellaneous		4	5	-	4	32	19	64	68	31	163
Dues and Subscriptions		-	-	-	-	-	-	-	1,494	-	1,494
Other Taxes		-	-	-	-	-	-	-	40	-	40
Depreciation		243	308	-	242	2,046	1,220	4,059	1,880	1,949	7,888
United Way of America Dues		-	-	-	15,256	-	-	15,256	-	-	15,256
Total Other Expenses		5,089	59,052	-	18,849	13,149	8,004	104,143	48,344	35,867	188,354
Total Expenses	\$	13,719	70,001	2,803	1,152,614	86,466	51,361	1,376,964	115,168	105,138	1,597,270

The accompanying notes are an integral part of the financial statements.

UNITED WAY OF RENO COUNTY, INC.
Statement of Functional Expenses
For the Year Ended August 31, 2014 (Unaudited)

	2014									
	Program Services						Supporting Services			
	Community Work Day	Dolly Parton Imagination Library	Disaster Relief	Agency Alloc. & Development	Avenue A	REIR	Total	Management and General	Fundraising	TOTAL
Allocations and Awards										
Allocations to Participating Agencies	-	-	-	1,102,700	-	-	1,102,700	-	-	1,102,700
Allocations to Disaster Relief	-	-	6,466	-	-	-	6,466	-	-	6,466
Allocations For Dolly Parton Program	-	-	-	-	294	-	294	-	-	294
Total Allocations and Awards	-	-	6,466	1,102,700	294	-	1,109,460	-	-	1,109,460
Salaries and Related Expenses										
Salaries	5,774	4,431	-	13,914	10,582	40,225	74,926	56,144	42,933	174,003
Payroll Taxes	479	367	-	1,154	877	3,335	6,212	4,656	3,559	14,427
Employee Benefits	831	638	-	2,002	1,523	5,789	10,783	8,081	6,180	25,044
Total Salaries and Related Expenses	7,084	5,436	-	17,070	12,982	49,349	91,921	68,881	52,672	213,474
Other Expenses										
Professional Services	-	-	-	-	-	-	-	12,290	-	12,290
Supplies	3,110	61,999	-	1,066	46	225	66,446	4,688	1,670	72,804
Printing, Marketing and Advertising	445	278	-	408	-	10	1,141	60	23,871	25,072
Postage and Shipping	-	-	-	-	-	-	-	1,153	2,776	3,929
Telephone and Networks	92	70	-	221	168	639	1,190	891	680	2,761
Occupancy	402	308	-	968	736	2,797	5,211	3,904	2,987	12,102
Meeting and Banquets	-	-	-	-	-	-	-	-	970	970
Travel and Mileage	-	-	-	-	-	-	-	5,373	-	5,373
Insurance	129	99	-	311	237	900	1,676	2,515	960	5,151
Equipment Maintenance and Rent	236	181	-	568	432	3,692	5,109	2,293	1,754	9,156
Conferences	-	-	-	-	-	-	-	4,840	42	4,882
Business Lunches	-	-	-	633	-	187	820	431	823	2,074
Volunteer Support	6	-	-	-	-	-	6	74	190	270
Miscellaneous	-	-	-	1	-	2	3	41	3	47
Dues and Subscriptions	-	-	-	-	-	-	-	1,437	-	1,437
Other Taxes	-	-	-	-	-	-	-	40	-	40
Depreciation	203	156	-	490	372	1,415	2,636	1,975	1,511	6,122
United Way of America Dues	-	-	-	13,762	-	-	13,762	-	-	13,762
Total Other Expenses	4,623	63,091	-	18,428	1,991	9,867	98,000	42,005	38,237	178,242
Total Expenses	<u>\$ 11,707</u>	<u>68,527</u>	<u>6,466</u>	<u>1,138,198</u>	<u>15,267</u>	<u>59,216</u>	<u>1,299,381</u>	<u>110,886</u>	<u>90,909</u>	<u>1,501,176</u>

The accompanying notes are an integral part of the financial statements.

UNITED WAY OF RENO COUNTY, INC.
 Statements of Cash Flows
 For the Years Ended August 31, 2015 (Audited) and 2014 (Unaudited)

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities		
Increase in Net Assets	\$ 337,633	69,996
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	7,888	6,122
Unrealized (Gain) Loss on Investments	10,950	(43,102)
Contributions Received for Long-Term Purposes	4,892	(77,188)
Gifts In-Kind Received - Property and Equipment	-	(3,900)
(Increase) Decrease in		
Unconditional Promises to Give	(151,687)	41,629
Other Contributions Receivable	(148,148)	-
Prepaid Expenses	(5,757)	(326)
Increase (Decrease) in		
Accounts Payable	(1,273)	7,185
Grants Payable	10,760	-
Deferred Rental Income	-	(650)
Payroll Tax Withholdings	787	1,517
Accrued Real Estate Taxes	-	208
Due to Other United Ways	(4,032)	7,261
Tenant Security Deposits	-	25
Net Cash Provided by Operating Activities	62,013	8,777
Cash Flows From Investing Activities		
Purchase of Investments	(66,141)	(506)
Reinvestment in Beneficial Interest in Assets Held by Others - Quasi Endowment	-	(7,862)
Purchase of Property and Equipment	(11,966)	(1,101)
Net Cash Used by Investing Activities	(78,107)	(9,469)
Net Decrease in Cash	(16,094)	(692)
Cash - Beginning of Year	169,066	169,758
Cash - End of Year	\$ 152,972	169,066

The accompanying notes are an integral part of the financial statements.

UNITED WAY OF RENO COUNTY, INC.

Notes to Financial Statements

August 31, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

United Way of Reno County, Inc. (the Organization) was incorporated as a nonprofit organization. The purpose of the organization is to solicit contributions from organizations and individuals in Reno County, Kansas for the benefit of a variety of charitable or educational agencies.

The Organization also has community outreach and impact programs including: Community Work Day, Dolly Parton Imagination Library, Disaster Relief, and REIR.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Method of Accounting

The financial statements of the Organization have been prepared utilizing the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when incurred.

Cash

The Organization considers all highly liquid investments with a maturity of three months or less when purchased. Cash for purposes of the statement of cash flows excludes restricted cash.

Investments

Investments are comprised of certificates of deposits with maturities greater than three months and marketable securities. Investments in marketable securities with readily determinable fair values and certificates of deposits are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains and losses restricted by a donor are reported as increases or decreases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Unconditional Promises to Give

Unconditional promises to give are recorded when commitments are received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Generally accepted accounting principles require that unconditional promises to give that are due beyond the next year be discounted using risk free interest rates. Conditional promises to give are not included as support until the conditions are substantially met. Allowance for uncollectible unconditional promises to give, based on prior years' experience and current economic conditions, was \$86,243 and \$67,400 for the years ended August 31, 2015 and 2014, respectively. The Organization's calculation of this significant estimate is based on historically uncollectible pledges and current factors that are largely attributable to employees who discontinue payroll deductions due to employment changes.

Property, Equipment and Depreciation

The Organization capitalizes equipment acquired over \$500. Lesser amounts are expensed. Purchased property and equipment are recorded at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash or other assets that must be used to acquire property and equipment are reported as restricted support. Absent explicit donor stipulations regarding how long these donated assets must be maintained, expirations of donor restrictions are reported when the donated or acquired assets are placed in service. Depreciation is computed using the straight-line method over the asset's expected useful life of 3 to 40 years. Depreciation expense for 2015 and 2014 was \$7,888 and \$6,122,

UNITED WAY OF RENO COUNTY, INC.

Notes to Financial Statements

August 31, 2015 and 2014

respectively.

Unrestricted Net Assets

Unrestricted net assets include unrestricted resources which represent the portion of funds that are available for the operating objectives of the Organization. Board-designated net assets represent amounts the Organization has set aside for a specific purpose. Annual campaign contributions are generally available for unrestricted use in the related campaign year unless specifically restricted by the donor.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose. The entity implies a time restriction that expires over the useful life of donated assets when assets are contributed with restrictions on how the asset must be used or are acquired with gifts of cash or other assets restricted for such acquisition of assets. The Organization currently does not have any permanently restricted net assets.

Donor Imposed Restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

Contributions of noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. The Organization receives services donated by volunteers in the community and by other organizations. No amounts have been reflected in the financial statements for these services since they do not meet the criteria for recognition under current accounting standards.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs may be allocated among the programs and supporting services benefited.

Advertising

The Organization expenses advertising costs as they are incurred. Advertising expense for the years ended August 31, 2015 and 2014 was \$28,526 and \$25,072, respectively.

Fundraising

United Way of Reno County, Inc. incurred \$105,138 and \$90,909 in fundraising expenses for the years ended August 31, 2015 and 2014, respectively. The fundraising expenses were incurred in connection with the annual campaign.

Income Taxes

The Organization is exempt from federal income taxes on related income under Section 501(a) of the Internal Revenue Code (IRC) of 1986, as amended, as an organization described in IRC Section 501(c)(3). Further, the Organization has been classified as an organization that is not a private foundation under IRC Section 509(a) and, as such, contributions to the Organization qualify for deduction as charitable contributions. However, income generated from activities unrelated to the Organization's exempt purpose is subject to tax under IRC Section 511. The Organization did not have any material unrelated business income for the years ended August 31, 2015 and 2014.

UNITED WAY OF RENO COUNTY, INC.

Notes to Financial Statements

August 31, 2015 and 2014

Accounting standards prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. There was no affect on the financial statements as a result of adopting these standards as the Organization believes it does not have any material uncertain tax positions reflected in its financial statements. Tax years that remain subject to examination in the Organization's major jurisdictions are for the years ended August 31, 2015, 2014 and 2013.

NOTE 2 – CASH

The total carrying amounts of the Organization's deposits were \$153,610 and \$174,596 at August 31, 2015 and 2014, respectively. The bank balances at year end consist of checking accounts and money market accounts in the amounts of \$226,764 and \$190,353 at August 31, 2015 and 2014, respectively. The bank balances were fully insured by FDIC both years.

NOTE 3 – INVESTMENTS AND INVESTMENT RETURN

At August 31, 2015 and 2014, an investment of \$101,279 and \$100,730, respectively, was held in a certificate of deposit. The certificate balance was fully insured by NCUA. The investment's cost was equal to its fair value. Additionally, at August 31, 2015 and 2014, \$156,981 and \$94,350 was held in mutual funds at Raymond James. The mutual fund balance is not insured by FDIC or NCUA.

Investments, stated at fair value on a recurring basis using quoted prices in active markets for identical assets, consisted of the following at August 31:

	<u>2015</u>	<u>2014</u>
Certificate of Deposit	\$ 101,279	100,730
Mutual Funds	156,981	94,350
Total	\$ <u>258,260</u>	<u>195,080</u>

Investment income is composed of the following:

	<u>2015</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Dividend and Interest Income	\$ 2,557	1,636	4,193
Net Realized and Unrealized Losses	(7,673)	(1,355)	(9,028)
Investment Fees	(2,355)	-	(2,355)
Net Investment Return	\$ <u>(7,471)</u>	<u>281</u>	<u>(7,190)</u>
	<u>2014</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Dividend and Investment Income	\$ 2,950	-	2,950
Net Realized and Unrealized Gains	43,102	-	43,102
Investment Fees	(2,409)	-	(2,409)
Net Investment Return	\$ <u>43,643</u>	<u>-</u>	<u>43,643</u>

UNITED WAY OF RENO COUNTY, INC.

Notes to Financial Statements

August 31, 2015 and 2014

The investment return has been allocated between unrestricted and temporarily restricted based on the donors' explicit stipulation.

NOTE 4 – REFUNDABLE ADVANCE

In a prior year, **United Way of Reno County, Inc.** transferred \$50,000 to the Hutchinson Community Foundation to establish a fund known as the United Way of Reno County Fund. Under terms of the agreement for the fund, the net income of the fund shall be paid and distributed to **United Way of Reno County, Inc.** as requested by its Board of Directors. Distributions in excess of the net income of the fund may be made as determined by the governing board of the Foundation, based on recommendations of the Organization. At August 31, 2015 and 2014, the United Way Fund had a value of \$111,913 and \$117,200, respectively, which is reported as a current asset in the statements of financial position.

NOTE 5 – UNCONDITIONAL PROMISES TO GIVE

Included in unconditional promises to give are the following pledges:

	<u>2015</u>	<u>2014</u>
Allocation Pledges to be Received Within One Year	\$ <u>554,666</u>	489,936
Less: Allowance for Uncollectible Pledges	<u>(86,243)</u>	<u>(67,400)</u>
Net Unconditional Promises to Give	<u>468,423</u>	422,536
Changing the Odds Pledges to be Received	<u>171,550</u>	64,050
Less: Discount to Present Value	<u>(4,468)</u>	<u>(2,768)</u>
Net Changing the Odds Pledges Receivable	<u>167,082</u>	61,282
Net Unconditional Promises to Give	<u>\$ 635,505</u>	<u>483,818</u>
Pledges due in:		
Less than one year	\$ <u>512,973</u>	436,586
One to five years	<u>127,000</u>	50,000
Less unamortized discount to present value	<u>(4,468)</u>	<u>(2,768)</u>
Net Pledges Due	<u>\$ 635,505</u>	<u>483,818</u>

The effective interest rate of the unamortized discount to present value for pledges to be received in one to five years is 1.25% and 2.375% for the years ended August 31, 2015 and 2014, respectively.

NOTE 6 – RESTRICTED CASH – BOARD DESIGNATED

United Way of Reno County, Inc. has recorded a portion of its cash as long-term due to restrictions placed by the Board for website design. The bank balance at year end was \$638 and \$2,197 as of August 31, 2015 and 2014, respectively.

NOTE 7 – RESTRICTED CASH

United Way of Reno County, Inc. has recorded a portion of its cash as long-term due to restrictions placed by the donor. At August 31, 2015 and 2014, the restriction consists of donations for disaster relief funds in the amount of \$0 and \$2,733 and donations received, but not transferred by year end to the endowment, for the Changing the Odds Campaign. The bank balance at year end was \$0 and \$3,333 as of August 31, 2015 and 2014, respectively.

UNITED WAY OF RENO COUNTY, INC.

Notes to Financial Statements

August 31, 2015 and 2014

NOTE 8 – TEMPORARILY RESTRICTED INVESTMENTS

United Way of Reno County, Inc. has recorded a portion of its investments as long-term due to restrictions placed by the donor. As of August 31, 2015 and 2014, the Organization has received \$62,350 and \$92,000 in cash contributions that are temporarily restricted by the donors. The fair value of these temporarily restricted donations at August 31, 2015 and 2014 was \$156,981 and \$94,350, respectively.

NOTE 9 – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS – QUASI ENDOWMENT

In a prior year, **United Way of Reno County, Inc.** irrevocably transferred \$30,000 to the Hutchinson Community Foundation to establish a United Way of Reno County Endowment Fund. Under the terms of the agreement for the Fund, the net income of the fund shall be paid and distributed to **United Way of Reno County, Inc.** as requested by its Board of Directors. At August 31, 2015 and 2014, the endowment fund had a value of \$93,596 and \$96,298, respectively, which is reported as an other asset in the statements of financial position.

At the time of the transfer, the Organization granted variance power to the Foundation. That power gives the Hutchinson Community Foundation the right to distribute the investment income to another not-for-profit organization of its choice if **United Way of Reno County, Inc.** ceases to exist or if the governing board of the Hutchinson Community Foundation determines that continued payments to **United Way of Reno County, Inc.** are unnecessary, obsolete, inappropriate, incapable of fulfillment, impractical, illegal, or inconsistent with the Hutchinson Community Foundation's mission.

The endowment fund consists of money contributed to the Hutchinson Community Foundation at the direction of the Organization's board of directors. As required by generally accepted accounting principles, it is classified and reported based on the existence or absence of donor-imposed restrictions, and therefore, is in the net assets as unrestricted, board designated. The Fund shall be used for support of the charitable or educational purposes of **United Way of Reno County, Inc.** and its affiliated agencies.

NOTE 10 – ENDOWMENT FUNDS

The Organization's endowment includes funds designated by the governing body to function as endowments (board-designated endowment funds) as required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The earnings and appreciation from the endowments will be available for expenditure in accordance with the board designations. Any distribution from an endowment may not be in an amount which invades the endowment's principal balance. Furthermore, no expenditures are allowed from an endowment when the fair value falls below the endowment's principal balance.

The primary long-term investment objective of **United Way of Reno County, Inc.**'s endowed funds is to preserve the real (i.e. inflation adjusted) purchasing power of all invested funds and to earn an average annual real total return (net of fees) at least equal to that of the appropriate market indices, as measured over rolling 3 and 5 year periods. The pooled portfolio shall be invested in a diverse mix of actively managed portfolios or indexed mutual funds chosen by the Finance Committee. It is assumed that the portfolio will be fully invested at all times. The returns of the pooled portfolio are evaluated against the returns of a composite index, weighted according to the asset allocation mix of the portfolio. The benchmark composite indexes shall be S&P Index for Equities and Barclays Capital US Aggregate Index for Fixed Income. The funds will be invested to maximize return (capital appreciation, interest and dividend income) consistent with a prudent level of risk to ensure the continued success of the charitable purposes of **United Way of Reno County, Inc.**

UNITED WAY OF RENO COUNTY, INC.

Notes to Financial Statements

August 31, 2015 and 2014

A reconciliation of the activity in the endowment investment account is as follows:

	<u>Unrestricted</u>
Board Designated Quasi Endowment Net Assets August 31, 2013	\$ 85,695
Investment Return	
Investment Income	1,293
Net Gain (Realized and Unrealized)	10,132
Expenditures	<u>(822)</u>
Board Designated Quasi Endowment Net Assets August 31, 2014	96,298
Investment Return	
Investment Income	2,027
Net Gain (Realized and Unrealized)	(3,757)
Expenditures	<u>(972)</u>
Board Designated Quasi Endowment Net Assets August 31, 2015	\$ <u>93,596</u>

NOTE 11 – BOARD DESIGNATED UNRESTRICTED NET ASSETS

The Board of Directors of **United Way of Reno County, Inc.** has designated part of the unrestricted net assets for specific purposes as of August 31 as follows:

	<u>2015</u>	<u>2014</u>
Operating Reserve	\$ 399,318	358,500
Investment in Property and Equipment	139,766	135,687
Development/Maintenance of Website	638	2,197
Designated for Changing the Odds	49,500	49,500
Designated for DPIL	5,451	-
Quasi Endowment	<u>93,596</u>	<u>96,298</u>
Total	\$ <u>688,268</u>	<u>642,182</u>

NOTE 12 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for allocation in future periods. At August 31, 2015 and 2014, temporarily restricted campaign net assets were \$110,405 and \$66,923, respectively. Restrictions expire in the following fiscal year.

In addition, the Organization also received contributions of \$0 and \$36,644 during the years ended August 31, 2015 and 2014, respectively. The contributions are restricted for the implementation of the Dolly Parton Imagination Library program in school districts in Reno County.

The Organization also received contributions of \$0 and \$7,630 during the years ended August 31, 2015 and 2014, respectively. The contributions are restricted for the disaster relief aid for flooding in Reno County.

UNITED WAY OF RENO COUNTY, INC.

Notes to Financial Statements

August 31, 2015 and 2014

The Organization received contributions in the amount of \$254,068 and \$0 during the years ended August 31, 2015 and 2014, respectively. The funds are restricted for the Neighborhood Centers program.

The earnings on the Changing the Odds Campaign acct are restricted until used for community involvement activities.

	<u>2015</u>	<u>2014</u>
Restricted for Allocation in Future Periods	\$ 110,405	66,923
Restricted for Changing the Odds Campaign	339,537	164,233
Restricted for Neighborhood Centers	220,870	-
Restricted for Disaster Relief	-	2,733
Total	\$ <u>670,812</u>	<u>233,889</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restriction specified by the donor. Net assets released were from the following restrictions:

	<u>2015</u>	<u>2014</u>
Restricted for Allocation in Future Periods	\$ 66,923	182,909
Restricted for Disaster Relief	2,733	1,069
Neighborhood Centers	33,198	-
Total	\$ <u>102,854</u>	<u>183,978</u>

NOTE 13 – IN-KIND CONTRIBUTIONS

United Way of Reno County, Inc. receives donated advertising, equipment, and supplies from various organizations. The value of the advertising totaled \$13,452 and \$6,875 for the years ended August 31, 2015 and 2014, respectively. The value of the donated equipment totaled \$1,265 and \$3,900 for the years ended August 31, 2015 and 2014, respectively. The value of the donated supplies totaled \$1,290 and \$470 for the years ended August 31, 2015 and 2014, respectively. The value of the advertising, equipment, and supplies has been recorded in the financial statements.

NOTE 14 – OPERATING LEASE INCOME

The Organization leases a residential apartment to a tenant under a noncancelable operating lease which expires on September 1, 2015. The lease then becomes effective until terminated and can be terminated for the following month. The current future minimum rentals under the lease at August 31, 2015 and 2014 are \$8,100.

NOTE 15 – COMPENSATED ABSENCES

The Organization is obligated to compensate qualifying employees for a specified number of absences related to illness and vacation. There is no provision for pay in lieu of unused sick days; therefore, no liability for sick pay is recorded. The Organization does not accrue a liability for vacation, as the obligation is not material. Amounts due for compensated absences at August 31, 2015 and 2014 were \$5,973 and \$3,502, respectively. Actual expenses for leave benefits are recorded when paid.

NOTE 16 – EMPLOYEE RETIREMENT PLAN

The Organization participates in a defined contribution retirement plan (simplified employee pension – SEP) covering full-time employees who are age 21 or older. The employee is not required to make a contribution. The plan is funded by monthly contributions to the trustee in an amount equal to 8% of the participant's

UNITED WAY OF RENO COUNTY, INC.

Notes to Financial Statements

August 31, 2015 and 2014

compensation. Administrative fees are paid by the United Way. Contributions by the Organization were \$15,949 and \$13,922 for the years ended August 31, 2015 and 2014, respectively.

Included in retirement and other employee benefits are the premiums for employee life and disability insurance and allowances for health insurance. The United Way additionally offers an optional tax deferred annuity plan. Employees may defer certain amounts of their wages into this plan if they so choose. There is no employer match for contributions to this plan.

NOTE 17 – FAIR VALUE MEASUREMENTS

Accounting guidance establishes the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. 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 fair value hierarchy are described below:

- Level 1 Quoted prices in active markets for identical assets or liabilities.
- Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The asset's 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.

Following is a description of the inputs and valuation methodologies used for assets and liabilities measured at fair value on a recurring basis. There have been no changes in methodologies at August 31, 2015 and 2014.

Equity and fixed income funds are valued at the daily closing price as reported by the fund. The funds are required to publish their daily net asset value and to transact at that price.

The value of the beneficial interest in assets held by others and the refundable advance are reported at the Organization's proportionate share of the fair value of the underlying assets in the assets held by Hutchinson Community Foundation as reported by the trustees. Certificates of deposit are valued at fair value as reported by the financial institution at the close of the 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 **United Way of Reno County, Inc.** 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.

The following tables present assets measured at fair value by classification within the fair value hierarchy as of August 31, 2015 and 2014.

UNITED WAY OF RENO COUNTY, INC.

Notes to Financial Statements

August 31, 2015 and 2014

	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
2015				
Split Interest Agreements				
Beneficial Interest in Assets Held by Others - Quasi Endowment	\$ 93,596	-	-	93,596
Investments				
Refundable Advance	111,913	-	-	111,913
Mutual Funds	156,981	156,981	-	-
Certificate of Deposit	101,279	101,279	-	-
Total Investments	370,173	258,260	-	111,913
Total	\$ 463,769	258,260	-	205,509
2014				
Split Interest Agreements				
Beneficial Interest in Assets Held by Others - Quasi Endowment	\$ 96,298	-	-	96,298
Investments				
Refundable Advance	117,200	-	-	117,200
Certificate of Deposit	100,730	100,730	-	-
Total Investments	217,930	100,730	-	117,200
Total	\$ 314,228	100,730	-	213,498

The carrying values of cash, receivables, prepaid expenses, accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

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 **United Way of Reno County, Inc.** 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.

Level 3 Gains and Losses

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the years ended August 31, 2015 and 2014:

	Level 3 Assets	
	Year Ended August 31, 2015	Year Ended August 31, 2014
Balance, Beginning of Year	\$ 213,498	181,924
Realized Gains	1,866	1,601
Unrealized Gains Relating to Instruments Still Held at the Reporting Date	(7,702)	31,874

UNITED WAY OF RENO COUNTY, INC.

Notes to Financial Statements

August 31, 2015 and 2014

Contributions	-	-
Distributions	(2,153)	(1,901)
Purchases, Sales, Issuances and Settlements (Net)	<u>-</u>	<u>-</u>
Balance, End of Year	\$ <u>205,509</u>	<u>213,498</u>

NOTE 18 - RISKS AND UNCERTAINTIES

United Way of Reno County, Inc. invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term and those changes could materially affect the activities of the Organization.

The Organization has tried to minimize the risk associated with these investment securities by having an investment committee review the investment activity throughout the year and by having regular meetings with the investment company representatives.

NOTE 19 – PRIOR PERIOD RESTATEMENT

The prior period financial statements have been restated due to a correction of error relating to Beneficial Interest in Assets Held by Others – Quasi Endowments. Contributions to the Hutchinson Community Foundation in the amount of \$19,390 and unrealized losses on the contributions in the amount of \$3,674 were incorrectly recorded as revenue for the Organization at August 31, 2014. The effect of this change is a decrease in unrestricted net assets in the amount of \$12,931 and temporarily restricted net assets in the amount of \$2,785. In addition, permanently restricted net assets as of September 1, 2013 have been decreased by \$164,232 and temporarily restricted net assets have been increased by \$164,232. These adjustments were necessary to correct the prior year's classification of net assets based upon the donors' restrictions.

NOTE 20 – RECLASSIFICATION

Certain amounts in the prior periods presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported total net assets.

NOTE 21 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 02, 2016, which is the date the financial statements were available to be issued.

UNITED WAY OF RENO COUNTY, INC.

Supplementary Information

UNITED WAY OF RENO COUNTY, INC.
Schedules of Allocations Awarded to Participating Agencies
For the Years Ended August 31, 2015 (Audited) and 2014 (Unaudited)

	<u>2015</u>	<u>2014</u>
American Red Cross	\$ 19,400	58,200
Big Brothers/Big Sisters of Reno County	50,000	50,000
Boy Scouts of America - Quivera Council	8,000	14,500
Boys and Girls Club/Kids After School	152,500	125,000
Cancer Council of Reno County	1,405	-
Child Care Links	19,100	19,100
Children's Emergency Shelter	8,500	7,650
Circles of Hope	45,000	-
Court Appointed Special Advocate - Visions of Hope	33,200	33,200
Early Education Center (TECH)	60,000	55,000
Elmdale 50-Plus Center (Hutchinson Recreation Commission)	25,500	27,000
Emergency Energy Fund	39,840	42,200
First Call for Help	10,500	21,050
Food Bank of Reno County	160	-
Girl Scouts	8,000	14,500
Granite United Way	302	-
H.H.S. Child Care	30,000	30,000
Harvey County United Way	1,184	-
Healthy Families (Hutchinson Correctional Facility)	20,000	20,000
Horizon's Mental Health	27,000	30,000
Hospice of Reno County	20,000	24,075
Housing and Credit Counseling, Inc.	750	-
Hutchinson Community College Child Care	12,000	12,000
Hutchinson Family Services (Hadley Day Care)	75,000	72,000
Interfaith Housing	91,700	77,400
Kansas Legal Services	22,500	22,500
Meals on Wheels	24,250	24,250
New Beginnings	60,000	66,400
Orange County United Way	468	-
Reno County VOAD, Inc.	2,733	-
Rice County United Way	4,508	-
Salvation Army	97,000	97,000
Sexual Assault/Domestic Violence Center	64,550	64,550
United Cerebral Palsy of Kansas	20,000	20,000
Volunteer Center	41,225	41,225
YMCA	28,900	33,900
Total	\$ 1,125,175	1,102,700

See independent auditors' report.

UNITED WAY OF RENO COUNTY, INC.
Schedule of United Way of Reno County Drives
1967-1968 through August 31, 2015

<u>Campaign Year</u>	<u>United Way Goal</u>	<u>Total Contributions Pledged</u>	<u>Total Pledges Collected</u>	<u>Pledges Uncollected</u>	<u>Percent Uncollected</u>
1967-1968	\$ 224,929	234,086	227,986	6,100	2.61%
1968-1969	241,404	250,424	243,547	6,877	2.75%
1969-1970	252,768	261,022	253,450	7,572	2.90%
1970-1971	263,096	266,981	259,712	7,269	2.72%
1971-1972	269,696	273,402	264,094	9,308	3.40%
1972-1973	283,360	298,102	290,607	7,495	2.51%
1973-1974	297,800	339,449	334,208	5,241	1.54%
1974-1975	315,328	390,713	382,070	8,643	2.21%
1975-1976	334,335	400,918	383,973	16,945	4.23%
1976-1977	407,886	431,097	418,129	12,968	3.01%
1977-1978	461,902	496,935	482,327	14,608	2.94%
1978-1979	500,679	531,333	504,237	27,096	5.10%
1979-1980	553,034	559,423	528,454	30,969	5.54%
1980-1981	579,238	550,242	523,532	26,710	4.85%
1981-1982	536,532	578,115	535,636	42,479	7.35%
1982-1983	561,650	618,837	572,274	46,563	7.52%
1983-1984	571,320	609,269	586,602	22,667	3.72%
1984-1985	605,120	611,219	583,494	27,725	4.54%
1985-1986	607,000	660,215	634,411	25,804	3.91%
1986-1987	610,000	637,107	615,017	22,090	3.47%
1987-1988	620,000	642,267	619,437	22,830	3.55%
1988-1989	625,000	638,822	606,432	32,390	5.07%
1989-1990	630,000	653,721	621,355	32,366	4.95%
1990-1991	630,000	655,510	630,411	25,099	3.83%
1991-1992	675,000	676,115	656,814	19,301	2.85%
1992-1993	680,000	688,579	667,157	21,422	3.11%
1993-1994	690,000	739,737	709,459	30,278	4.09%
1994-1995	705,000	780,615	746,163	34,452	4.41%
1995-1996	740,000	811,093	769,136	41,957	5.17%
1996-1997	770,000	795,766	762,627	33,139	4.16%
1997-1998	785,000	847,791	806,448	41,343	4.88%
1998-1999	825,000	882,133	850,021	32,112	3.64%
1999-2000	875,000	909,451	860,397	49,054	5.39%
2000-2001	905,000	961,660	905,770	55,890	5.81%
2001-2002	938,000	975,845	926,599	49,246	5.05%
2002-2003	967,500	937,461	876,301	61,160	6.52%
2003-2004	925,000	965,353	928,170	37,183	3.85%
2004-2005	1,000,000	967,042	930,069	36,973	3.82%
2005-2006	1,000,000	1,082,488	1,047,182	35,306	3.26%
2006-2007	1,030,000	1,116,785	1,081,700	35,085	3.14%
2007-2008	1,065,000	1,165,454	1,121,811	43,643	3.74%
2008-2009	1,090,000	1,162,506	1,102,815	59,691	5.13%
2009-2010	1,260,000	1,279,017	1,227,648	51,369	4.02%
2010-2011	1,284,921	1,307,036	1,237,004	70,032	5.36%
2011-2012	1,365,000	1,508,584	1,449,121	59,463	3.94%
2012-2013	1,434,000	1,477,142	1,396,929	80,213	5.43%
2013-2014	1,434,000	1,542,913	1,427,327	115,586	7.49%
2014-2015	1,446,000	1,398,930	1,073,603 *	325,327 *	23.26%

* Subject to adjustment for collections after August 31, 2015.

See independent auditors' report.