

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

**COMMUNICATION WITH THOSE  
CHARGED WITH GOVERNANCE**

**RELATED TO THE AUDIT FOR THE  
YEAR ENDED AUGUST 31, 2023**



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To the Board of Directors  
United Way of Reno County, Inc.  
Hutchinson, Kansas 67504

We have audited the consolidated financial statements of the United Way of Reno County, Inc. as of and for the year ended August 31, 2023 and have issued our report thereon dated March 1, 2024. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated January 22, 2024, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of United Way of Reno County, Inc. solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting and material noncompliance, and other matters noted during our audit below in the section Communication of Other Control Deficiencies.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

We identified the potential threats to our independence as management participation and self-review over the assistance of financial statement preparation. As such, we have implemented the following safeguards:

1. A separate cold review of the financial statement done at the partner level and,
2. A formal letter of approval and review of the financial statement by management.

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**D. Scot Loyd, CPA, CGFM, CFE, CGMA, CNC**

*"Creating Maneuverability in Government"*

## **Significant Risks Identified**

We have identified the following significant risks:

- Management override of controls related to contribution revenue and donor restrictions.
- Recording of investment income and related note disclosures

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the United Way of Reno County, Inc. is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of the collectability of the promises to give is based on management's understanding of the donor's intent. We evaluated the key factors and assumptions used to develop the estimate and reviewed supporting documentation to determine if estimate was reasonable in relation to the financial statements taken as a whole. In addition, management's estimate of the liquidity of financial assets is based on analysis of restrictions on those assets and on when the financial assets can be used for general expenditure purposes.

Management's estimate of the fair value of level 3 investments is based upon the following:

- The fair value of beneficial interests in trusts is estimated as the United Way of Reno County, Inc.'s proportionate share of the estimated fair value of the beneficial interest using quoted market prices, interest rates, yield curves and unobservable inputs including the present value calculation of expected future distributions.

We evaluated the key factors and assumptions used to develop the fair value of level 3 investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Managements estimate of the fair value of investments utilizing the net asset value practical expedient is determined through considerations of the net asset values provided by the fund manager and other market factors. Other factors include, but are not limited to, estimated of liquidation value, prices of recent transactions in the same or similar funds, current performance, future expectations of the particular investment, and changes in market outlook and the financing environment. We evaluated the key factors and assumptions used to develop the fair value of investments utilizing the net asset value practical expedient in determining that it is reasonable in relation to the financial statements taken as a whole.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the United Way of Reno County, Inc.'s financial statements was:

The disclosures of the Endowment Funds in Note 9 to the financial statements report that the current fair value of the investments is more than the historic dollar value of donor-restricted contributions

The financial statement disclosures are neutral, consistent, and clear.

### **Significant Unusual Transactions**

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. There were no significant unusual transactions identified as a result of our audit procedures.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all such misstatement.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statement taken as a whole.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the United Way of Reno County, Inc.'s financial statement or the auditor's report. No such disagreements arose during the course of the audit.

### **Circumstances that Affect the Form and Content of the Auditor's Report**

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. No such circumstances arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the letter dated March 1, 2024.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the United Way of Reno County, Inc., we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the United Way of Reno County, Inc.'s auditors.

### **Communication of Other Control Deficiencies**

In planning and performing our audit of the financial statements of the United Way of Reno County, Inc., as of and for the year ended August 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the United Way of Reno County, Inc.'s internal control over financial reporting (internal control) as a basis for designing our audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of United Way of Reno County, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the United Way of Reno County, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.
- Probable. The future event or events are likely to occur.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **PRIOR YEAR POINTS**

No issues of significance were noted.

### **CURRENT YEAR POINTS**

No issues of significance were noted.

Board of Directors  
United Way of Reno County, Inc.  
March 1, 2024  
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## **SUMMARY**

The matters discussed herein were considered during our examination of the financial statements as of August 31, 2023, and they do not modify the opinion expressed in our auditor's report dated March 1, 2024, on such financial statements.

We look forward to assisting the United Way of Reno County, Inc. in implementing the above suggestions. If you have any questions regarding comments included in this letter, please contact Scot Loyd (620) 654-7565 or Christina Henson at (620) 694-7881.

We greatly appreciate the assistance and helpfulness provided by the United Way of Reno County, Inc. during the recent audit. It is a pleasure working with individuals who respond to our questions and requests in a quick and efficient manner. If you have any questions or need us to stop by, please give us a call.

## **RESTRICTION ON USE**

This information is intended solely for the information and use of the Board of Directors and management of the United Way of Reno County, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

*Loyd Group, LLC*

Loyd Group, LLC  
Galva, KS  
March 1, 2024

**UNITED WAY OF RENO COUNTY, INC.  
Hutchinson, Kansas**

**FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS' REPORT**

**For the Years Ended August 31, 2023**



**LOYD GROUP, LLC**

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Certified Public Accountants

**UNITED WAY OF RENO COUNTY, INC.  
Hutchinson, Kansas**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
United Way of Reno County, Inc.  
Hutchinson, KS 67501

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of United Way of Reno County, Inc., which comprise the statements of financial position as of August 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of United Way of Reno County, Inc. as of August 31, 2023 and 2022, 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.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of Reno County, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Reno County, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 United Way of Reno County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Reno County, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Loyd Group, LLC

Loyd Group, LLC  
Galva, KS  
March 1, 2024

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

**STATEMENT OF FINANCIAL POSITION**

**For the Year Ended August 31, 2023**

<b>Assets</b>	<b>2023</b>	<b>2022</b>
<b>Current Assets</b>		
Cash	\$ 1,127,799	\$ 603,670
Beneficial interest in an identifiable pool of assets from a transfer	219,977	194,980
Unconditional promises to give, net of allowance	230,202	167,931
Prepaid expenses	-	6,141
Total Current Assets	<u>1,577,978</u>	<u>972,722</u>
<b>Property and Equipment</b>		
Land	-	22,660
Building and building improvements	-	109,797
Equipment and website development	27,912	37,123
Accumulated depreciation	<u>(24,986)</u>	<u>(63,254)</u>
Net Property and Equipment	<u>2,926</u>	<u>106,326</u>
<b>Other Assets</b>		
Restricted cash	25,536	192,910
Beneficial interest in assets held by others - Quasi Endowment	119,706	115,049
Temporarily restricted investments - Quasi Endowment	390,116	386,416
Permanently restricted investments - Endowment	<u>50,000</u>	<u>50,000</u>
Total Other Assets	<u>585,358</u>	<u>744,375</u>
<b>Total Assets</b>	<u><u>\$ 2,166,262</u></u>	<u><u>\$ 1,823,423</u></u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accrued Expenses	\$ -	\$ 1,367
Payroll tax withholdings	-	7,045
Due to other United Ways	-	7,915
Total Current Liabilities	<u>-</u>	<u>16,327</u>
<b>Net Assets</b>		
Without donor restrictions	1,306,098	934,708
With donor restrictions	<u>860,164</u>	<u>872,388</u>
Total Net Assets	<u>2,166,262</u>	<u>1,807,096</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 2,166,262</u></u>	<u><u>\$ 1,823,423</u></u>

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

**STATEMENT OF ACTIVITIES**

**For the Year Ended August 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support			
Gross campaign revenues	\$ 1,405,808	\$ 38,112	\$ 1,443,920
Less: allowance for uncollectible pledges	(93,000)	-	(93,000)
Grant revenue	64,999	40,876	105,875
Contributions revenue	42,147	36,963	79,110
ARPA childcare	-	407,842	407,842
In-Kind contributions	9,105	-	9,105
Investment income	42,113	26,907	69,020
Other income	7,602	-	7,602
Gain(loss) on sale of assets	10,326	-	10,326
Total revenue, gains, and other support	1,489,100	550,700	2,039,800
Net Assets Released From Restrictions	562,924	(562,924)	-
Total Revenue, Gains, and Other Support	2,052,024	(12,224)	2,039,800
Expenses			
Program Services	1,340,270	-	1,340,270
Supporting Services			
Management and General	137,755	-	137,755
Fundraising	202,609	-	202,609
Total Expenses	1,680,634	-	1,680,634
Decrease in Net Assets	371,390	(12,224)	359,166
Net Assets - Beginning of Year	934,708	872,388	1,807,096
Net Assets - End of Year	\$ 1,306,098	\$ 860,164	\$ 2,166,262

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

**STATEMENT OF ACTIVITIES**

**For the Year Ended August 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, Gains, and Other Support			
Gross campaign revenues	\$ 1,222,113	\$ 42,272	\$ 1,264,385
Less: allowance for uncollectible pledges	(98,000)	-	(98,000)
Grant revenue	67,193	59,658	126,851
Contributions revenue	61,326	483,110	544,436
In-kind contributions	5,820	-	5,820
Investment income	(56,585)	(73,139)	(129,724)
Rental income	7,350	-	7,350
Other income	7,263	-	7,263
Loss on sale of assets	6,331	-	6,331
Total revenue, gains, and other support	<u>1,222,811</u>	<u>511,901</u>	<u>1,734,712</u>
Net Assets Released From Restrictions	<u>401,795</u>	<u>(401,795)</u>	<u>-</u>
Total Revenue, Gains, and Other Support	<u>1,624,606</u>	<u>110,106</u>	<u>1,734,712</u>
Expenses			
Program services	1,265,758	-	1,265,758
Supporting services			
Management and general	142,973	-	142,973
Fundraising	152,831	-	152,831
Partnership operations	4,295	-	4,295
Total Expenses	<u>1,565,857</u>	<u>-</u>	<u>1,565,857</u>
Decrease in Net Assets	58,749	110,106	168,855
Net Assets - Beginning of Year	<u>875,959</u>	<u>762,282</u>	<u>1,638,241</u>
Net Assets - End of Year	<u>\$ 934,708</u>	<u>\$ 872,388</u>	<u>\$ 1,807,096</u>

The accompanying notes are an integral part of these consolidated financial statements.

UNITED WAY OF RENO COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended August 31, 2023  
(With Comparative Actual Totals for the Prior Year Ended August 31, 2022)

The accompanying notes are an integral part of these consolidated

	Program Services													
	Community Work Day		Dolly Parton Imagination		Disaster Relief		Agency Allocation &		ARPA Childcare		Community		Total	
			Library				Development				Outreach			
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Allocations and Awards														
Participating agencies	\$ -	\$ -	\$ 27,527	\$ 51,695	\$ 204,470	\$ 306,516	\$ 800,570	\$ 734,100	\$ -	\$ -	\$ 28,329	\$ 55,745	\$ 1,060,896	\$ 1,148,056
Salaries and Related Expenses														
Salaries	735	912	1,225	1,520	-	-	22,547	27,963	-	-	-	-	24,507	30,395
Payroll taxes	128	115	213	191	-	-	3,924	3,515	-	-	-	-	4,265	3,821
Employee benefits	196	172	327	287	-	-	6,007	5,282	-	-	-	-	6,530	5,741
Total Salaries and Related Expenses	1,059	1,199	1,765	1,998	-	-	32,478	36,760	-	-	-	-	35,302	39,957
Other Expenses														
Professional services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	219	48	-	-	-	-	7,066	1,552	-	-	-	-	7,285	1,600
Printing, marketing and advertising	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Postage and shipping	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Telephone and networks	21	15	35	25	-	-	650	467	-	-	-	-	706	507
Occupancy	154	56	256	94	-	-	4,715	1,719	-	-	-	-	5,125	1,869
Meeting and banquets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel and mileage	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	47	36	78	59	-	-	1,428	1,090	-	-	-	-	1,553	1,185
Equipment maintenance and rent	23	13	38	21	-	-	13,159	12,881	-	-	-	-	13,220	12,915
Conferences	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Business lunches	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Volunteer support	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dues and subscriptions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	11	18	19	30	-	-	344	555	-	-	-	-	374	603
Bad debt expense	-	-	-	-	-	-	(20,526)	37,899	-	-	-	-	(20,526)	37,899
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ARPA Childcare									220,017	-			220,017	-
United Way of America dues	-	-	-	-	-	-	16,318	21,167	-	-	-	-	16,318	21,167
Total Other Expenses	475	186	426	229	-	-	23,154	77,330	220,017	-	-	-	244,072	77,745
Total Expenses	\$ 1,534	\$ 1,385	\$ 29,718	\$ 53,922	\$ 204,470	\$ 306,516	\$ 856,202	\$ 848,190	\$ 220,017	\$ -	\$ 28,329	\$ 55,745	\$ 1,340,270	\$ 1,265,758

UNITED WAY OF RENO COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended August 31, 2023  
(With Comparative Actual Totals for the Prior Year Ended August 31, 2022)

The accompanying notes are an integral part of these consolidated

	Supporting Services							
	Management and General		Fund Raising		Partnership Operations		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Allocations and Awards								
Participating agencies	\$ 2,812	\$ 5,978	\$ -	\$ -	\$ -	\$ -	\$ 1,063,708	\$ 1,154,034
Salaries and Related Expenses								
Salaries	47,571	59,003	72,078	89,398	-	-	144,156	178,796
Payroll taxes	8,278	7,415	12,545	11,238	-	-	25,088	22,474
Employee benefits	12,676	11,145	19,206	16,887	-	-	38,412	33,773
Total Salaries and Related Expenses	68,525	77,563	103,829	117,523	-	-	207,656	235,043
Other Expenses								
Professional services	15,193	13,331	-	-	-	-	15,193	13,331
Supplies	5,156	4,331	2,210	1,856	-	-	14,651	7,787
Printing, marketing and advertising	3,320	5,932	59,946	16,488	-	-	63,266	22,420
Postage and shipping	4,414	6,799	-	-	-	-	4,414	6,799
Telephone and networks	1,371	984	2,077	1,491	-	-	4,154	2,982
Occupancy	9,949	3,631	15,075	5,503	-	-	30,149	11,003
Meeting and banquets	-	-	10,236	2,603	-	-	10,236	2,603
Travel and mileage	5,169	3,160	-	-	-	-	5,169	3,160
Insurance	3,017	2,302	4,571	3,489	-	303	9,141	7,279
Equipment maintenance and rent	1,471	823	2,229	1,248	-	-	16,920	14,986
Conferences	6,672	10,330	-	-	-	-	6,672	10,330
Business lunches	5,841	4,061	-	-	-	-	5,841	4,061
Volunteer support	849	50	-	-	-	-	849	50
Miscellaneous	164	350	-	-	-	2,713	164	3,063
Dues and subscriptions	2,895	1,844	-	-	-	-	2,895	1,844
Depreciation	937	1,504	2,436	2,630	-	1,279	3,747	6,016
Bad debt expense	-	-	-	-	-	-	(20,526)	37,899
Interest	-	-	-	-	220,017	-	220,017	-
United Way of America dues	-	-	-	-	-	-	16,318	21,167
Total Other Expenses	66,418	59,432	98,780	35,308	220,017	4,295	409,270	176,780
Total Expenses	\$ 137,755	\$ 142,973	\$ 202,609	\$ 152,831	\$ 220,017	\$ 4,295	\$ 1,680,634	\$ 1,565,857

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

**STATEMENTS OF CASH FLOWS**

**For the Years Ended August 31, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
Cash Flows from Operating Activities		
Campaign revenues	\$ 1,288,649	\$ 1,201,264
Grant revenue	105,875	126,851
Contributions revenue	111,228	544,192
ARPA Childcare income	407,842	-
Investment income	3,548	5,416
Rental income	-	6,675
Other income	7,602	7,263
Cash paid for program activities	(1,336,126)	(1,267,900)
Cash paid for management and general	(141,053)	(136,957)
Cash paid for fundraising	(200,789)	(148,611)
Cash paid for partnership operations	-	(4,295)
Net Cash Flows from Operating Activities	<u>246,776</u>	<u>333,898</u>
Cash Flows from Investing Activities		
Proceeds from the sale of property and equipment	109,979	38,728
Proceeds from sale of investments	-	133,130
Purchase of investments	-	(117,055)
Net Cash Flows from Investing Activities	<u>109,979</u>	<u>54,803</u>
Net Change in Cash, Cash Equivalents, and Restricted Cash	356,755	388,701
Cash, cash equivalents, and restricted cash, beginning of year	<u>796,580</u>	<u>407,879</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 1,153,335</u>	<u>\$ 796,580</u>
Reconciliation of Cash and Restricted Cash:		
Cash and cash equivalents	\$ 1,127,799	\$ 603,670
Restricted cash	<u>25,536</u>	<u>192,910</u>
Total Cash and Restricted Cash	<u>\$ 1,153,335</u>	<u>\$ 796,580</u>

The accompanying notes are an integral part of these consolidated financial statements.



**UNITED WAY OF RENO COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended August 31, 2023 and 2022**

**1. SUMMARY OF ACCOUNTING POLICIES**

**(a) Organization**

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, and Community Outreach.

**(b) Basis of Accounting and Presentation**

The Organization maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives as specified by donors; in accordance with regulations, restrictions, or limitations imposed by sources outside the institution; or in accordance with directions issued by the governing board.

These financial statements, which are presented on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities. They have been prepared in accordance with generally accepted accounting principles published by the American Institute of Certified Public Accountants. The statements have been prepared to focus on the Organization as a whole.

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

**Net assets without donor restrictions** - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

**Net assets with donor restrictions** – Net assets subject to donor- (or certain grantor-) 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.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as released from restrictions between the applicable class of net assets.

Income and realized net gains on investments of endowment and similar funds are reported as follows:

- as increases in net assets with donor restrictions if the terms of the gift require that they be added to the principal of a permanent endowment fund, and/or if the terms of the gift impose restrictions on the use of the income;
- as increases in net assets without donor restrictions in all other cases.

**UNITED WAY OF RENO COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended August 31, 2023 and 2022**

**1. SUMMARY OF ACCOUNTING POLICIES (CONT.)**

**(b) Basis of Accounting and Presentation (Cont.)**

**Net Assets Without Donor Restrictions** – With respect to net assets without donor restrictions, the Organization has adopted the following accounting policies:

*Reporting of Temporarily Restricted Revenues* – Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues within the with donor restrictions class, and a reclassification to net assets without donor restrictions is made to reflect the expiration of such restrictions.

*Release of Restrictions on Net Assets for Acquisition of Property and Equipment* – Contributions of property and equipment are reported as revenues within the without donor restrictions net asset class. Contributions of cash or other assets to be used to acquire property and equipment are reported as revenue within the net assets without donor restrictions class; the restrictions are considered to be released at the time such long-lived assets are placed in service.

**(c) Contributions**

Unconditional contributions and grants are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received and are classified as either net assets with donor restrictions or net assets without donor restrictions. Conditional contributions and grants are accounted for as a liability or are not recognized as revenue initially, until the barriers to entitlement are overcome, at which point a transaction is recognized as unconditional and classified as either a net asset with donor restrictions or a net asset without donor restrictions. Allowance for uncollectible unconditional promises to give, based on prior years' experience and current economic conditions, was \$93,000 and \$98,000 for the years ended August 31, 2023 and 2022, 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.

Rental revenue is recognized when earned over the terms of the related tenant lease. Rental payments received in advance are deferred until earned. Other income includes fees for late payments, cleaning, damages and laundry facilities and is recorded when earned. The rental revenue stream is considered to be exempted from compliance with Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers, due to its inclusion under current and future lease standards.

**(d) Cash, cash equivalents, and restricted cash**

The financial statements include statements of cash flows showing cash, cash equivalents, and restricted cash provided and used by operating, investing and financing activities. The Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be "cash equivalents." This includes money market accounts, including those held in brokerage accounts, and certificates of deposit. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash and cash equivalents for purposes of the statements of cash flows and are designated as investments. Amounts held that have donor-imposed restrictions that would otherwise be considered cash and cash equivalents are considered restricted cash. At times, such cash, cash equivalents, restricted cash, and investments may be in excess of the FDIC insurance limit. The Organization has not experienced any losses in such accounts and believes it is not exposed to significant credit risk on cash, cash equivalents, and restricted cash at August 31, 2023.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**For the Years Ended August 31, 2023 and 2022**

**1. SUMMARY OF ACCOUNTING POLICIES (CONT.)**

**(e) Property and Equipment**

The Organization capitalizes equipment acquired over \$2,500. 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.

Buildings	40 - 50 years
Building improvements	10 - 40 years
Furniture and equipment	10 - 15 years
Computer and similar equipment	2 - 7 years
Land improvements	10 - 20 years

**(f) Investments and Investment Income**

Investments are comprised of a certificate of deposit with a maturity greater than three months and marketable securities. Investments in marketable securities with readily determinable fair values and the certificate of deposit 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.

**(g) Tax Exempt Status**

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 significant unrelated business income for the years ended August 31, 2023 and 2022.

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. The Organization believes it does not have any significant uncertain tax positions reflected in its consolidated financial statements. Tax years with open statutes of limitations are 2019 and forward.

**(h) 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 insignificant. Amounts due for compensated absences at August 31, 2023 and 2022 were \$1,805 and \$3,548, respectively. Actual expenses for leave benefits are recorded when paid.

**UNITED WAY OF RENO COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended August 31, 2023 and 2022**

**1. SUMMARY OF ACCOUNTING POLICIES (CONT.)**

**(i) 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

**(j) Advertising Costs**

The Organization expenses advertising costs as they are incurred. Advertising expense for the years ended August 31, 2023 and 2022 was \$63,266 and \$22,420, respectively.

**(k) Fundraising**

United Way of Reno County, Inc. incurred \$202,609 and \$152,831 in fundraising expenses for the years ended August 31, 2023 and 2022, respectively. The fundraising expenses were incurred in connection with the annual campaign.

**(l) Functional Allocation of Expenses**

The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs may be allocated among the programs and supporting services benefitted.

**2. INVESTMENTS**

Investments include miscellaneous cash equivalents (primarily money market accounts), debt securities (primarily federal government agency bonds, United States Treasury notes and corporate bonds) and equity securities (mutual funds and corporate stock).

Investments consisted of the following at August 31:

	2023	2022
Money market funds	\$ 13,120	\$ 22,089
Mutual funds - fixed	123,874	127,613
Mutual funds - equity	303,122	286,714
	<u>\$ 440,116</u>	<u>\$ 436,416</u>

Investment income for investments is reported on the statement of activities as without donor restrictions.

**3. BENEFICIAL INTEREST IN AN IDENTIFIABLE POOL OF ASSETS FROM A TRANSFER**

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, 2023 and 2022, the United Way of Reno County Fund had a value of \$219,977 and \$194,980, respectively, which is reported as a current asset in the consolidated statements of financial position.

**UNITED WAY OF RENO COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended August 31, 2023 and 2022**

**4. RETIREMENT PLANS**

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 compensation. Administrative fees are paid by the Organization. Contributions by the Organization were \$14,357 and \$14,829 for the years ended August 31, 2023 and 2022, respectively.

Included in retirement and other employee benefits are the premiums for employee life and disability insurance and allowances for health insurance. The Organization 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.

**5. FAIR VALUE MEASUREMENTS**

Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, provides 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 standard describes three levels of inputs that may be used to measure fair value.

**Level 1:** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

**Level 2:** Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3:** Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 assets and liabilities measured at fair value are based on one or more of three

- Market Approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- Cost Approach – Amount that would be required to replace the service capacity of an asset (i.e., replacement cost);
- Income Approach – Techniques that convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The fair values of mutual fund investments that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

The fair value of funds at the United Way of Reno County Endowment, which include the beneficial interests in assets held by others - Quasi Endowment and in an identifiable pool of assets from a transfer, is based on the value of the pooled investments as determined by the United Way of Reno County Endowment manager (Level 3 inputs).

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

**NOTES TO THE FINANCIAL STATEMENTS**

**For the Years Ended August 31, 2023 and 2022**

**5. FAIR VALUE MEASUREMENTS (CONT.)**

Management determines the fair value measurement valuation policies and procedures, including those for Level 3 recurring and nonrecurring measurements. The Organization's Board of Directors assesses and approves these policies and procedures. At least annually, Management: (1) determines if the current valuation techniques used in fair value measurements are still appropriate, and (2) evaluates and adjusts the unobservable inputs used in the fair value measurements based on current market conditions and third-party information.

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.

Investments at fair market value at August 31, 2023, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>
Beneficial interest in assets held by others - Quasi Endowment	\$ -	\$ -	\$ 119,706	\$ 119,706
Beneficial interest in an identifiable Pool of assets from a transfer	<u>-</u>	<u>-</u>	<u>219,977</u>	<u>219,977</u>
Total Split Interest Agreements	<u>-</u>	<u>-</u>	<u>339,683</u>	<u>339,683</u>
Investments				
Money market funds	13,120			13,120
Mutual funds - fixed	123,874	-	-	123,874
Mutual funds - equity	<u>303,122</u>	<u>-</u>	<u>-</u>	<u>303,122</u>
Total investments	<u>440,116</u>	<u>-</u>	<u>-</u>	<u>440,116</u>
Total	<u>\$ 440,116</u>	<u>\$ -</u>	<u>\$ 339,683</u>	<u>\$ 779,799</u>

The table below sets forth a summary of changes in the fair value of the Organization's Level 3 investment assets for the year ended August 31, 2023. All gains/losses are unrealized until the investment is cashed in, at which time the gain/loss is recognized in investment income. There were no purchases, sales, issues, or settlements of Level 3 investments. There were also no transfers in or out of Level 3 investments.

September 1, beginning of year	\$ 310,029
Investment income	2,057
Unrealized gains relating to Instruments still held at the reporting date	37,406
Distributions	<u>(9,809)</u>
August 31, end of year	<u>\$ 339,683</u>

**UNITED WAY OF RENO COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended August 31, 2023 and 2022**

**5. FAIR VALUE MEASUREMENTS (CONT.)**

Investments at fair market value at August 31, 2022, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>
Beneficial interest in assets held by others - Quasi Endowment	\$ -	\$ -	\$ 115,049	\$ 115,049
Beneficial interest in an identifiable Pool of assets from a transfer	<u>-</u>	<u>-</u>	<u>194,980</u>	<u>194,980</u>
Total Split Interest Agreements	<u>-</u>	<u>-</u>	<u>310,029</u>	<u>310,029</u>
Investments				
Money market funds	22,089	-	-	22,089
Mutual funds - fixed	127,613	-	-	127,613
Mutual funds - equity	<u>286,714</u>	<u>-</u>	<u>-</u>	<u>286,714</u>
Total investments	<u>436,416</u>	<u>-</u>	<u>-</u>	<u>436,416</u>
Total	<u>\$ 436,416</u>	<u>\$ -</u>	<u>\$ 310,029</u>	<u>\$ 746,445</u>

The table below sets forth a summary of changes in the fair value of the Organization's Level 3 investment assets for the year ended August 31, 2022. All gains/losses are unrealized until the investment is cashed in, at which time the gain/loss is recognized in investment income. There were no purchases, sales, issues, or settlements of Level 3 investments. There were also no transfers in or out of Level 3 investments.

September 1, beginning of year	\$ 368,689
Realized gains	375
Unrealized gains relating to Instruments still held at the reporting date	(49,762)
Distributions	<u>(9,273)</u>
August 31, end of year	<u>\$ 310,029</u>

**6. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at August 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Land	\$ -	\$ 22,660
Buildings and improvements	-	109,797
Equipment and website development	<u>27,912</u>	<u>37,123</u>
	27,912	169,580
Less: Accumulated depreciation	<u>(24,986)</u>	<u>(63,254)</u>
Total property and equipment - net	<u>\$ 2,926</u>	<u>\$ 106,326</u>

Depreciation expense for the years ended August 31, 2023 and 2022, was \$3,747 and \$6,016, respectively.

**UNITED WAY OF RENO COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended August 31, 2023 and 2022**

**7. UNCONDITIONAL PROMISES TO GIVE**

Included in unconditional promises to give are the following pledges:

	2023	2022
Allocation pledges to be received	\$ 323,202	\$ 265,931
Less: allowance for uncollectible pledges	<u>(93,000)</u>	<u>(98,000)</u>
Net allocation pledges receivable	<u>230,202</u>	<u>167,931</u>
Changing the Odds pledges to be received	-	-
Less: discount to present value	<u>-</u>	<u>-</u>
Net Changing the Odds pledges receivable	<u>-</u>	<u>-</u>
Net unconditional promises to give	<u><u>\$ 230,202</u></u>	<u><u>\$ 167,931</u></u>
Pledges due in:		
Less than one year	\$ 230,202	\$ 167,931
One to five years	-	-
Less unamortized discount to present value	<u>-</u>	<u>-</u>
Net pledges due	<u><u>\$ 230,202</u></u>	<u><u>\$ 167,931</u></u>

**8. 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 (the 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, 2023 and 2022, the endowment fund had a value of \$119,706 and \$115,049, 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 included in the net assets without donor restrictions. The Fund shall be used for support of the charitable or educational purposes of United Way of Reno County, Inc. and its affiliated agencies.

In addition, donors have also contributed funds for the benefit of the Organization to the Hutchinson Community Foundation. As of August 31, 2023 and 2022, the fair value of those funds were \$85,537 and \$82,180, respectively.

The Organization is precluded from recognizing these assets in the Organization's statements of financial position because of the explicitly granted variance power held by the Hutchinson Community Foundation.



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

**NOTES TO THE FINANCIAL STATEMENTS**

**For the Years Ended August 31, 2023 and 2022**

**9. ENDOWMENT FUNDS**

The Organization's endowment consists of funds from donors for the Changing the Odds campaign and 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 remaining portion of the donor-restricted endowment funds (such as current year dividends, interest, and income) that are not classified in with donor restrictions net assets are classified as without donor restrictions net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Organization and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Organization
7. Investment policies of the Organization

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 bench 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.

The recommended asset allocation of the endowment funds as of August 31, 2023 and 2022 was as follows:

	<u>Target</u>	<u>Range</u>
Equities	60%	50% - 70%
Fixed Income	40%	30% - 50%

Cash Equivalents - may be substituted or split within same ranges as Fixed Income assets.

The overall investment policy of the Organization is to obtain the best possible return on its investments and that such return is the sum of the yield (defined as interest, dividends, etc.) and gain (defined as appreciation) commensurate with the degree of risk the Organization is willing to assume in obtaining such return.

Endowment funds shall generally be invested for no less than six months prior to the earnings being available to use. The earnings and appreciation generated from the endowments will be available for expenditure in accordance with the donor's restrictions. 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.

Endowment funds with donor restrictions are held in an investment account and the endowment funds without donor restrictions are held at the Hutchinson Community Foundation.

**UNITED WAY OF RENO COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended August 31, 2023 and 2022**

**9. ENDOWMENT FUNDS (CONT.)**

Below is a reconciliation of the activity in the endowment investment accounts.

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - August 31, 2021	\$ 134,392	\$ 528,727	\$ 663,119
Investment return			
Investment income	1,305	5,445	6,750
Net gain (realized & unrealized)	(10,239)	(76,480)	(86,719)
Contributions	244	-	244
Expenditures	<u>(10,653)</u>	<u>(21,276)</u>	<u>(31,929)</u>
Endowment Net Assets - August 31, 2022	115,049	436,416	551,465
Investment return			
Investment income	2,617	9,093	11,710
Net gain (realized & unrealized)	13,201	19,755	32,956
Contributions	244	-	244
Expenditures	<u>(11,405)</u>	<u>(25,148)</u>	<u>(36,553)</u>
Endowment Net Assets - August 31, 2023	<u>\$ 119,706</u>	<u>\$ 440,116</u>	<u>\$ 559,822</u>

**10. BOARD DESIGNATED UNRESTRICTED NET ASSETS**

The above table includes the investment accounts that are under the control of the Organization and does not include other assets that may be part of an endowment, i.e., pledges and/or other receivables.

The Board of Directors of United Way of Reno County, Inc. has designated part of the without donor restrictions net assets for specific purposes as of August 31 as follows:

	2023	2022
Operating Reserve	\$ 375,000	\$ 375,000
Investment in Property and Equipment	47,875	51,622
Designated for Changing the Odds	57,319	57,319
Quasi Endowment	<u>119,706</u>	<u>115,049</u>
Total	<u>\$ 599,900</u>	<u>\$ 598,990</u>

**11. NET ASSETS WITH DONOR RESTRICTIONS**

Subject to expenditure for specific purpose:	2023	2022
Restricted for Allocation in Future Periods	\$ 38,112	\$ 42,272
Restricted for Changing the Odds Campaign	517,781	513,395
Restricted for Disaster Relief	25,536	192,910
Restricted for Neighborhood Centers	90,910	77,561
Restricted for Lincoln HCI	-	46,250
Restricted for ARPA Childcare	<u>187,825</u>	<u>-</u>
Total	<u>\$ 860,164</u>	<u>\$ 872,388</u>

**UNITED WAY OF RENO COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**11. NET ASSETS WITH DONOR RESTRICTIONS (CONT.)**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of passage of time or other events specified by the donors as follows for the years ended August 31, 2023 and 2022.

Satisfaction of purpose restrictions:	2023	2022
Restricted for Allocation in Future Periods	\$ 42,272	\$ 18,011
Restricted for Disaster Relief	204,307	306,517
Restricted for Changing the Odds Campaign	22,551	19,653
Restricted for Neighborhood Centers	27,527	51,953
Restricted for Lincoln HCI	46,250	-
Restricted for Resilience Reno County	-	5,661
Restricted for ARPA Childcare	220,017	-
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Total	\$ 562,924	\$ 401,795

**12. IN-KIND CONTRIBUTIONS**

United Way of Reno County, Inc. receives donated advertising, equipment, supplies, and repairs from various organizations. The value of advertising totaled \$1,820 and \$5,820 for the years ended August 31, 2023 and 2022, respectively. The value of donated equipment totaled \$0 for the years ended August 31, 2023 and 2022, respectively. The value of donated supplies totaled \$7,285 and \$1,600 for the years ended August 31, 2022 and 2021, respectively. The value of donated repairs totaled \$0 and \$0 for the years ended August 31, 2023 and 2022. The value of the advertising, equipment, supplies and repairs have been recorded in the consolidated financial statements as in-kind contributions.

**13. CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject the Organization's to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization places substantially all of its cash and liquid investments with financial institutions and limits the amount of credit exposure to any one financial institution. Cash in the Organization's checking and money market accounts did not exceed federally insured limits as of August 31, 2023 or 2022.

The Organization's operations are heavily dependent upon contributions, donations and a few select fundraising events and the spendable return from endowment investments. Therefore, a significant reduction in donor-related activities and an extended downturn in financial markets could have an adverse effect on the Organization's programs and operations.

**14. LIQUIDITY AND AVAILABILITY**

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, accounts receivable, and marketable debt and equity securities.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of preservation of artifacts and public service as well as the conduct of services undertaken to support those activities to be general expenditures.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**For the Years Ended August 31, 2023 and 2022**

**14. LIQUIDITY AND AVAILABILITY (CONT.)**

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Organization's cash and shows positive cash generated by operations for fiscal years 2023 and 2022.

As of August 31, 2023 and 2022, the following tables show the total financial assets held by the Organization and the amounts of those financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

Financial assets at year-end:	2023	2022
Cash and cash equivalents	\$ 1,127,799	\$ 603,670
Unconditional promises to give, net of allowance	230,202	167,931
Restricted cash	25,536	192,910
Prepaid expenses and other assets	-	6,141
Investments		
Beneficial interest in an identifiable pool of assets from a transfer	219,977	194,980
Beneficial interest in assets held by others - Quasi Endowment	119,706	115,049
Temporarily restricted investments - Quasi Endowment	390,116	386,416
Permanently restricted investments - Endowment	50,000	50,000
Total assets	2,163,336	1,717,097
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Donor restricted donations	(860,164)	(872,388)
Financial assets available to meet cash needs for general expenditures within one year of the statement of financial position date	\$ 1,303,172	\$ 844,709

**15. 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 attempts 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.

**16. SUBSEQUENT EVENTS**

Management has evaluated the effects on the financial statements of subsequent events occurring through the date of this report which is the date on which the financial statements were available to be issued. All subsequent events requiring recognition or disclosure have been incorporated into these financial statements.

## **SUPPLEMENTARY INFORMATION**

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

**SCHEDULES OF ALLOCATIONS AWARDED TO PARTICIPATING AGENCIES**

**For the Years Ended August 31, 2023 and 2022**

	2023	2022
American Red Cross	\$ 12,000	\$ 12,000
Big Brothers/Big Sisters of Reno County	30,000	32,000
B&G Club	105,000	105,000
Boy Scouts of America - Quivira Council	3,000	3,000
Bright House	54,000	54,000
Cerebral Palsy Research Foundation of Kansas	15,000	15,000
Child Care Links	11,000	11,000
Children's Emergency Shelter	-	5,333
Circles of Hope	12,000	12,000
Early Education Center (TECH)	52,000	52,000
Girl Scouts	5,000	5,000
Horizon's Mental Health	20,000	20,000
Hospice of Reno County	24,000	24,000
Hutchinson High Day Care	17,000	-
Hutchinson Family Services (Hadley Day Care)	70,000	70,000
Hutchinson Meals on Wheels	21,000	21,000
Interfaith Housing	51,000	53,000
Kansas Children's Service League	14,000	14,000
Kansas Legal Services	10,000	10,000
New Beginnings	55,000	55,000
Rise Up Reno	30,000	-
Salvation Army	95,000	95,000
Volunteer Center	36,000	36,000
YMCA	10,000	10,000
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Total	\$ 752,000	\$ 714,333
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Note: Above is actual cash paid to agencies.

UNITED WAY OF RENO COUNTY, INC.

SCHEDULE OF UNITED WAY OF RENO COUNTY DRIVES

1967-1968 through August 31, 2023

Campaign Year	United Way Goal	Total Contributions Pledged	Total Pledges Collected	Pledges Uncollected	Percent Uncollected
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	253,460	7,562	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	625,000	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	1,539,726	1,431,742	107,984	7.01%
2015-2016	1,446,000	1,496,306	1,405,260	91,046	6.08%
2016-2017	1,446,000	1,370,395	1,247,444	122,951	8.97%
2017-2018	1,350,000	1,358,997	1,222,987	136,010	10.01%
2018-2019	1,350,000	1,296,460	1,207,990	88,470	6.82%
2019-2020	1,350,000	1,255,072	1,177,162	77,910	6.21%
2020-2021	1,100,000	1,220,412	1,133,709	86,703	7.10%
2021-2022	1,200,000	1,236,292	1,158,823	77,469	6.27%
2022-2023	1,250,000	686,598	363,396 *	323,202 *	47.07% at 8/31/2023
2022-2023	1,250,000	1,400,968	1,291,484 *	109,484 *	7.81% at 12/31/2023