

# **United Way of Greater Kansas City, Inc.**

Independent Auditor's Report and Financial Statements

April 30, 2019 and 2018



**United Way of Greater Kansas City, Inc.**  
**April 30, 2019 and 2018**

**Contents**

**Independent Auditor’s Report..... 1**

**Financial Statements**

Statements of Financial Position ..... 3  
Statements of Activities..... 4  
Statements of Functional Expenses ..... 6  
Statements of Cash Flows ..... 8  
Notes to Financial Statements ..... 9

## Independent Auditor's Report

Board of Directors  
United Way of Greater Kansas City, Inc.  
Kansas City, Missouri

We have audited the accompanying financial statements of United Way of Greater Kansas City, Inc., which comprise the statements of financial position as of April 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors  
United Way of Greater Kansas City, Inc.  
Page 2

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Greater Kansas City, Inc. as of April 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As described in Note 2 to the financial statements, in 2019 the United Way of Greater Kansas City, Inc. adopted ASU 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

**BKD, LLP**

Kansas City, Missouri  
October 17, 2019

**United Way of Greater Kansas City, Inc.**  
**Statements of Financial Position**  
**April 30, 2019 and 2018**

**Assets**

	<b>2019</b>	<b>2018</b>
Cash	\$ 3,426,332	\$ 3,131,122
Restricted cash - Quasi Endowment	751,615	-
Contributions receivable, net of allowance; 2019 - \$2,198,304 and 2018 - \$2,450,352	11,119,256	11,331,758
Accounts and grants receivable	472,273	207,016
Investments	2,919,242	4,833,665
Beneficial interest in assets held by others - Quasi Endowment	6,796,012	7,106,729
Beneficial interest in assets held by others - Endowment	1,903,240	1,782,801
Beneficial interest in trusts	868,097	845,903
Property and equipment, net of accumulated depreciation; 2019 - \$1,750,909 and 2018 - \$1,571,130	927,264	910,999
Note receivable - related party	400,000	-
Other	763,396	615,429
	<b>\$ 30,346,727</b>	<b>\$ 30,765,422</b>
Total assets		

**Liabilities and Net Assets**

**Liabilities**

Payables to agencies – Community Care funds	\$ 10,945,889	\$ 10,950,888
Designations to agencies and grants payable	3,555,525	3,159,396
Accounts payable	1,415,017	963,031
Accrued expenses	1,574,592	1,124,347
Accrued pension plan obligation	658,699	332,679
Deferred rent	425,786	495,715
Long-term debt	141,592	166,004
	18,717,100	17,192,060
Total liabilities		

**Net Assets**

Without donor restrictions	7,905,012	9,674,862
With donor restrictions	3,724,615	3,898,500
	11,629,627	13,573,362
Total net assets		
Total liabilities and net assets	<b>\$ 30,346,727</b>	<b>\$ 30,765,422</b>

**United Way of Greater Kansas City, Inc.**  
**Statement of Activities**  
**Year Ended April 30, 2019**

	Without Donor Restrictions	Board- Designated Quasi Endowment	With Donor Restrictions	Total
<b>Revenues, Gains and Other Support</b>				
<b>Campaign Revenue</b>				
Gross campaign revenues	\$ 23,646,320	\$ -	\$ 836,946	\$ 24,483,266
Less				
Donor designation	(5,902,220)	-	-	(5,902,220)
Provision for uncollectible pledges	(1,104,163)	-	-	(1,104,163)
Net campaign revenue	16,639,937	-	836,946	17,476,883
Grants	396,531	-	-	396,531
Other contribution income	92,554	-	1,755,782	1,848,336
Contributed services	193,863	-	-	193,863
Change in beneficial interest in trusts	-	-	22,194	22,194
Net investment return	96,075	439,284	126,795	662,154
United Way 211 income	195,042	-	-	195,042
Other	1,109,922	-	-	1,109,922
Contribution to Quasi Endowment	-	751,615	-	751,615
Beneficial interest released from restriction	2,337,538	(2,337,538)	-	-
Net assets released from restrictions	2,915,602	-	(2,915,602)	-
Total revenues, gains and other support	23,977,064	(1,146,639)	(173,885)	22,656,540
<b>Allocations and Expenses</b>				
Program services				
Agency allocations and grants	13,885,201	-	-	13,885,201
Community services	5,289,075	-	-	5,289,075
Support services				
Management and general	1,950,557	-	-	1,950,557
Financial resources development	3,358,618	-	-	3,358,618
Total allocations and expenses	24,483,451	-	-	24,483,451
<b>Change in Net Assets Before Change in Defined Benefit Pension Plan Loss</b>	(506,387)	(1,146,639)	(173,885)	(1,826,911)
<b>Change in Defined Benefit Pension Plan Loss, net</b>	(116,824)	-	-	(116,824)
<b>Change in Net Assets</b>	(623,211)	(1,146,639)	(173,885)	(1,943,735)
<b>Net Assets, Beginning of Year</b>	980,596	8,694,266	3,898,500	13,573,362
<b>Net Assets, End of Year</b>	\$ 357,385	\$ 7,547,627	\$ 3,724,615	\$ 11,629,627

**United Way of Greater Kansas City, Inc.**  
**Statement of Activities**  
**Year Ended April 30, 2018**

	<b>Without Restrictions</b>	<b>Board- Designated Quasi Endowment</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues, Gains and Other Support</b>				
<b>Campaign Revenue</b>				
Gross campaign revenues	\$ 24,861,903	\$ -	\$ 654,915	\$ 25,516,818
Less				
Donor designation	(5,718,945)	-	-	(5,718,945)
Provision for uncollectible pledges	(1,148,440)	-	-	(1,148,440)
Net campaign revenue	17,994,518	-	654,915	18,649,433
Grants	442,998	-	-	442,998
Other contribution income	161,301	-	711,662	872,963
Contributed services	44,960	-	-	44,960
Change in beneficial interest in trusts	-	-	(18,317)	(18,317)
Net investment return	60,085	518,628	136,184	714,897
United Way 211 income	146,947	-	-	146,947
Other	481,597	-	-	481,597
Beneficial interest released from restriction	17,438	(17,438)	-	-
Net assets released from restrictions	1,712,032	-	(1,712,032)	-
Total revenues, gains and other support	21,061,876	501,190	(227,588)	21,335,478
<b>Allocations and Expenses</b>				
Program services				
Agency allocations and grants	13,571,073	-	-	13,571,073
Community services	4,888,623	-	-	4,888,623
Support services				
Management and general	1,532,498	-	-	1,532,498
Financial resources development	2,868,002	-	-	2,868,002
Total allocations and expenses	22,860,196	-	-	22,860,196
<b>Change in Net Assets Before Change in Defined Benefit Pension Plan Gain</b>	(1,798,320)	501,190	(227,588)	(1,524,718)
<b>Change in Defined Benefit Pension Plan Gain, net</b>	96,805	-	-	96,805
<b>Change in Net Assets</b>	(1,701,515)	501,190	(227,588)	(1,427,913)
<b>Net Assets, Beginning of Year</b>	2,682,111	8,193,076	4,126,088	15,001,275
<b>Net Assets, End of Year</b>	\$ 980,596	\$ 8,694,266	\$ 3,898,500	\$ 13,573,362

**United Way of Greater Kansas City, Inc.**  
**Statement of Functional Expenses**  
**Year Ended April 30, 2019**

	Program Services		Support Services		Total
	Agency Allocations and Grants	Community Services	Management and General	Financial Resources Development	
Agency allocations	\$ 10,944,223	\$ -	\$ -	\$ -	\$ 10,944,223
Community change strategy grant payments	2,747,115	-	-	-	2,747,115
Salaries	-	2,221,699	925,278	1,293,148	4,440,125
Employee benefits	-	313,573	124,711	195,864	634,148
Retirement expense	-	379,256	204,761	270,604	854,621
Payroll taxes	-	163,064	60,064	95,206	318,334
Contract and temporary services	-	113,882	62,310	76,810	253,002
Travel, training and conferences	-	77,834	28,395	53,759	159,988
Insurance	-	21,873	18,731	21,168	61,772
Printing, postage and supplies	-	22,802	11,160	18,600	52,562
Occupancy and maintenance	-	222,991	142,581	162,266	527,838
Events and donor communications	-	169,022	-	456,171	625,193
Professional fees	-	363,707	183,379	339,166	886,252
Campaign materials and expenses	-	12,891	-	51,564	64,455
Telecommunications and technology services	-	136,836	78,510	154,197	369,543
Program research and assistance	-	885,960	-	-	885,960
Interest expense	-	1,018	611	970	2,599
Gifts in-kind	193,863	-	-	-	193,863
Miscellaneous expense (income)	-	628	798	(4,453)	(3,027)
United Way of America dues	-	111,759	67,083	106,565	285,407
	13,885,201	5,218,795	1,908,372	3,291,605	24,303,973
Depreciation	-	70,280	42,185	67,013	179,478
Total operating expense	\$ 13,885,201	\$ 5,289,075	\$ 1,950,557	\$ 3,358,618	\$ 24,483,451

**United Way of Greater Kansas City, Inc.**  
**Statement of Functional Expenses**  
**Year Ended April 30, 2018**

	<u>Program Services</u>		<u>Support Services</u>		<u>Total</u>
	<u>Agency Allocations and Grants</u>	<u>Community Services</u>	<u>Management and General</u>	<u>Financial Resources Development</u>	
Agency allocations	\$ 10,992,556	\$ -	\$ -	\$ -	\$ 10,992,556
Community change strategy grant payments	2,533,557	-	-	-	2,533,557
Salaries	-	2,308,104	784,487	1,269,913	4,362,504
Employee benefits	-	336,589	118,384	198,111	653,084
Retirement expense	-	254,291	86,294	151,138	491,723
Payroll taxes	-	170,515	54,243	94,006	318,764
Contract and temporary services	-	72,535	43,120	47,526	163,181
Travel, training and conferences	-	77,414	31,555	61,598	170,567
Insurance	-	24,575	17,584	19,138	61,297
Printing, postage and supplies	-	24,602	11,079	21,699	57,380
Occupancy and maintenance	-	234,166	130,571	142,310	507,047
Events and donor communications	-	104,835	-	285,859	390,694
Professional fees	-	212,494	132,438	284,431	629,363
Campaign materials and expenses	-	17,800	-	81,300	99,100
Telecommunications and technology services	-	96,817	34,570	38,243	169,630
Program research and assistance	-	697,071	-	-	697,071
Interest expense	-	1,794	616	1,174	3,584
Gifts in-kind	44,960	-	-	-	44,960
Miscellaneous expense	-	-	-	4,603	4,603
United Way of America dues	-	152,884	52,490	100,087	305,461
	<u>13,571,073</u>	<u>4,786,486</u>	<u>1,497,431</u>	<u>2,801,136</u>	<u>22,656,126</u>
Depreciation	-	102,137	35,067	66,866	204,070
Total operating expense	<u>\$ 13,571,073</u>	<u>\$ 4,888,623</u>	<u>\$ 1,532,498</u>	<u>\$ 2,868,002</u>	<u>\$ 22,860,196</u>

**United Way of Greater Kansas City, Inc.**  
**Statements of Cash Flows**  
**Years Ended April 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Operating Activities</b>		
Change in net assets	\$ (1,943,735)	\$ (1,427,913)
Items not requiring (providing) operating activities cash flows		
Depreciation	179,478	204,070
Net realized and unrealized (gains) losses on investments	(970)	678
Net realized and unrealized gains on assets held by others	(349,503)	(452,716)
Change in beneficial interests in trusts	(22,194)	18,317
Change in defined benefit pension plan (gains) losses	116,824	(96,805)
Changes in		
Campaign pledges receivable	212,502	1,295,877
Accounts and grants receivable	(265,257)	284,118
Other assets	(147,967)	(91,032)
Payable to agencies – community care funds	(4,999)	30,000
Designations to agencies and grants payable	396,129	(849,842)
Accounts payable and accrued expenses	902,231	(98,189)
Deferred rent	(69,929)	(64,980)
Accrued pension plan obligation	209,196	(24,952)
	<u>(788,194)</u>	<u>(1,273,369)</u>
Net cash used in operating activities		
<b>Investing Activities</b>		
Proceeds from maturities of investments	2,331,356	2,292,394
Purchase of investments	(815,963)	(1,538,254)
Purchase of investments at cost	-	(400,000)
Proceeds from beneficial interest in assets held by others	772,224	-
Purchase of beneficial interest in assets held by others	(232,443)	(174,203)
Purchase of property and equipment	(195,743)	(8,475)
	<u>1,859,431</u>	<u>171,462</u>
Net cash provided by investing activities		
<b>Financing Activities</b>		
Principal payments under capital lease	(24,412)	(38,294)
	<u>(24,412)</u>	<u>(38,294)</u>
Net cash used in financing activities		
<b>Increase (Decrease) in Cash</b>	1,046,825	(1,140,201)
<b>Cash, Beginning of Year</b>	<u>3,131,122</u>	<u>4,271,323</u>
<b>Cash, End of Year</b>	<u>\$ 4,177,947</u>	<u>\$ 3,131,122</u>
<b>Reconciliation of Restricted Cash</b>		
Cash	\$ 3,426,332	\$ 3,131,122
Restricted cash	751,615	-
	<u>\$ 4,177,947</u>	<u>\$ 3,131,122</u>
<b>Supplemental Cash Flows Information</b>		
Capital lease obligation for equipment	\$ -	\$ 127,510
Interest paid	2,599	3,584
Exchange of cost method investment for note receivable - related party	400,000	-

# United Way of Greater Kansas City, Inc.

## Notes to Financial Statements

April 30, 2019 and 2018

### **Note 1: Nature of Operations and Summary of Significant Accounting Policies**

#### ***Nature of Operations***

United Way of Greater Kansas City, Inc. (the “Organization”) is a not-for-profit organization focused on community impact, seeking to improve lives and strengthen communities. The Organization works collaboratively with a wide range of community partners to achieve lasting results through a combination of organization initiatives and funding of health and human service programs. The Organization’s primary source of revenue is an annual fundraising campaign.

The Organization’s revenues and other support are derived principally from contributions and federal and state grants and its activities are conducted principally in the Kansas City area.

#### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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, expenses gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

#### ***Cash***

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At April 30, 2019, the Organization’s cash accounts cumulatively exceeded federally insured limits by approximately \$3,649,000.

#### ***Restricted Cash Quasi Endowment***

The Organization holds certain cash accounts for restricted contributions awaiting transfer to the Board-Designated Quasi Endowment.

#### ***Net Investment Return***

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method. The Organization is invested in various pooled investment funds managed by the Greater Kansas City Community Foundation. The pooled investment funds are valued at net asset value which estimates fair value.

# United Way of Greater Kansas City, Inc.

## Notes to Financial Statements

April 30, 2019 and 2018

The beneficial interest in trust assets are recorded at the Organization's percentage interest in the fair value of these trusts' assets, which approximates the present value of the estimated future cash receipts, in accordance with ASC 958, *Transfer of Assets to a Not-for-Profit Institute or Charitable Remainder Trust that Raises or Holds Contributions for Others*.

Investment return is reflected in the statements of activities as without donor restrictions and with donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

### **Accounts and Grants Receivable**

Accounts and grants receivable are stated at the amounts billed under the terms of the grants or agreements. If necessary, the Organization will record an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Delinquent receivables are written off based on individual credit evaluation and specific circumstances.

### **Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Building and leasehold improvements	10-39 years
Equipment, furniture and fixtures	3-10 years

### **Long-lived Asset Impairment**

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended April 30, 2019 and 2018.

# United Way of Greater Kansas City, Inc.

## Notes to Financial Statements

April 30, 2019 and 2018

### **Net Assets**

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor restrictions. Net assets without donor restrictions are 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 a board-designated endowment. Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

### **Board-Designated Quasi Endowment**

The quasi endowment represents the beneficial interest in assets held by others and other general investments, which are designated by the governing body of the Organization to be used in a manner similar to an endowment.

### **Contributions**

Revenues include contributions from the fundraising campaign conducted each fall. Direct contributions are considered without restriction unless they are specifically restricted by the donor. Contributions received are recorded in the year the related commitments are received as either with or without donor restricted revenue. As restrictions on net assets are satisfied, net assets are reclassified to without donor restrictions and reported as net assets released from restriction in the statements of activities. Contributions made (allocations) are recognized in the year when the related commitments are made. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue with donor restrictions and then released from restriction.

Certain contributions/pledges received in fundraising campaigns are designated by individuals for specific agencies or for United Way organizations in areas other than the Greater Kansas City area. Accounting standards require that organizations who received contributions/pledges that are designated by donors for other organizations exclude such designated contributions/pledges from the amount recognized as contributions received and made. The Organization classifies and reports such designations in its statements of activities as a reduction of campaign revenue.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional.

### **Contributed Services**

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. Contribution revenue recognized from contributed services was \$193,863 and \$44,960 for the years ended April 30, 2019 and 2018, respectively.

# United Way of Greater Kansas City, Inc.

## Notes to Financial Statements

April 30, 2019 and 2018

No amounts have been reflected in the financial statements for donated services related to campaign volunteers, since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services and financial resources development.

### ***Deferred Rent***

As further discussed in *Note 10*, the Organization records deferred rent associated with lease incentives and escalating lease payments in the accompanying statements of financial position. These incentives are amortized on a straight-line basis as a reduction to rental expense over the life of the related lease.

### ***Government Grants***

Support funded by grants is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

### ***Payable to Agencies and Other Organizations***

Unconditional grants to participating agencies are recorded when approved by the board of directors. Conditional grants are recorded when the grantee has substantially met the conditions of the grant.

### ***Amounts Raised on Behalf of Others***

Contributions which are donor-designated for specific agencies or communities, other than those represented by the Organization, are considered amounts raised on behalf of others and are not considered income to the Organization. These amounts are included in designations to agencies and grants payable on the statements of financial position. Funds are distributed to designated agencies based on actual dollars collected.

### ***Income Taxes***

The Organization is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income. The Organization files tax returns in the U.S. federal jurisdiction.

### ***Functional Allocation of Expenses***

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated by management among the program, management and general and financial resource development categories based on estimated usage and the accumulation of relevant, current and historical data.

# United Way of Greater Kansas City, Inc.

## Notes to Financial Statements

April 30, 2019 and 2018

### **Reclassifications**

Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 financial statement presentation. These reclassifications had no effect on the change in net assets.

### **Note 2: Change in Accounting Principle**

In 2019, the Organization adopted ASU 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. This change had no impact on the 2018 beginning of year net assets by restriction class and changes in net assets. A summary of the changes is as follows:

#### **Statement of Financial Position**

- The statement of financial position distinguishes between two new classes of net assets – those with donor-imposed restrictions and those without. This is a change from the previously required three classes of net assets – unrestricted, temporarily restricted and permanently restricted.

#### **Statement of Activities**

- Investment income is shown net of external and direct internal investment expenses. Disclosure of the expenses netted against investment income is no longer required.

#### **Notes to the Financial Statements**

- Enhanced quantitative and qualitative disclosures provide additional information useful in assessing liquidity and cash flows available to meet operating expenses for one-year from the date of the statement of financial position
- Amounts and purposes of Board designation and appropriations as of the end of the period are disclosed.

This change had no impact on previously reported total change in net assets.

# United Way of Greater Kansas City, Inc.

## Notes to Financial Statements

April 30, 2019 and 2018

### Note 3: Investments and Investment Return

Investments, beneficial interests in trusts, and beneficial interests in assets held by others at April 30 consisted of the following:

	<b>2019</b>	<b>2018</b>
U.S. Government agency bonds		
Fannie Mae	\$ -	\$ 250,000
Federal Home Loan Mortgage	245,417	-
Certificates of deposit	2,654,447	4,170,000
Investment at cost	-	400,000
Interest receivable	19,378	13,665
Total investments	2,919,242	4,833,665
Beneficial interests in trusts	868,097	845,903
Beneficial interests in assets held by others	8,699,252	8,889,530
Total investments, beneficial interests in trusts, and beneficial interests in assets held by others	\$ 12,486,591	\$ 14,569,098

Total investment return on investments, beneficial interest in trusts, and the beneficial interests in assets held by others is composed of the following:

	<b>2019</b>	<b>2018</b>
Interest and dividend income	\$ 313,409	\$ 264,269
Net realized and unrealized gain / (loss) on investments	970	(678)
Net realized and unrealized gains on assets held by others	349,503	452,716
Income from beneficial interest in trusts	20,496	20,402
Less: investment expenses	(22,224)	(21,812)
	\$ 662,154	\$ 714,897

**United Way of Greater Kansas City, Inc.**  
**Notes to Financial Statements**  
**April 30, 2019 and 2018**

**Cost Method Investment**

The Organization invested in a 3 percent ownership of United Way Digital Holdings, LLC during 2018. The cost method investment totaled \$400,000 at April 30, 2018 and was evaluated for impairment. As a result of the evaluation, the Organization did not consider the cost method investment to be impaired at April 30, 2018. On December 31, 2018, the Organization entered into an exchange agreement between United Way Digital Holdings, LLC to exchange the cost method investment for note receivable (see *Note 4*).

**Note 4: Note Receivable**

	<b>2019</b>	<b>2018</b>
Note receivable - related party	\$ 400,000	\$ -

On December 31, 2018, the Organization exchanged its \$400,000 ownership interest in the United Way Digital Holdings, LLC for a note receivable from a related party. The note receivable has principal payments due annually in four equal installment payments of \$100,000 beginning on December 1, 2020 and ending on December 1, 2023. The note receivable earns interest at 2.72 percent and will be paid annually on December 1 of each year.

**Note 5: Beneficial Interest in Trusts**

The Organization is the beneficiary under two perpetual trusts administered by an outside party. Under the terms of the trust agreements, the Organization has the irrevocable right to receive income earned on the trust assets in perpetuity, but never receives the assets held in trust. The estimated fair value of the trust assets was \$797,220 and \$776,154 at April 30, 2019 and 2018, respectively. The income from these trusts for the years ended April 30, 2019 and 2018 was \$17,693 and \$16,993, respectively.

The Organization is the beneficiary under a charitable remainder trust administered by an outside party. Under the terms of the trust, the Organization has the irrevocable right to receive income earned on the trust assets and a portion of the corpus upon termination of the trust. The estimated value of the trust assets was \$70,877 and \$69,749 at April 30, 2019 and 2018, respectively. The income from this trust for the years ended April 30, 2019 and 2018 was \$2,803 and \$3,409, respectively.

# United Way of Greater Kansas City, Inc.

## Notes to Financial Statements

April 30, 2019 and 2018

### Note 6: Beneficial Interest in Assets Held by Others

The Organization has transferred assets to the Greater Kansas City Community Foundation (“Foundation”) and retained a beneficial interest in those assets. At the time of the transfer, the Organization granted variance power to the Foundation. That power gives the Foundation the right to make the final decision regarding distributions from the Fund. One of the funds held at the Foundation is considered a net asset with restriction. All other funds held at the Foundation are board-designated and, therefore, are considered without restriction. Under the terms of the agreement, the Organization can withdraw all or a portion of the original amount transferred, any appreciation on those transferred assets, or both, provided the governing board of the Organization and the Foundation approve of the withdrawal. At April 30, 2019 and 2018, the Fund had a fair value of \$8,699,252 and \$8,889,530, respectively, which is reported in the statements of financial position as beneficial interest in assets held by others. The assets of the Quasi Endowment fund consist of money market, short-term fixed income, intermediate fixed income and equity securities.

### Note 7: Property and Equipment

Property and equipment at April 30 consisted of:

	<u>2019</u>	<u>2018</u>
Building	\$ 459,710	\$ 459,710
Work in process	191,016	-
Equipment, furniture and fixtures	2,027,447	2,022,419
	<u>2,678,173</u>	<u>2,482,129</u>
Less accumulated depreciation and amortization	1,750,909	1,571,130
	<u>\$ 927,264</u>	<u>\$ 910,999</u>

### Note 8: Line of Credit

The Organization has a \$1,000,000 revolving bank line of credit. The revolving bank line expires in October 2019. There were no outstanding borrowings on the line at April 30, 2019 and 2018. Interest rates are variable based on the one month LIBOR index plus 1.5 percentage points with a minimum interest rate of 2.75 percent. Interest rates as of April 30, 2019 and 2018, were 3.98 and 3.41 percent, respectively. Interest on any outstanding borrowings is payable monthly.

# United Way of Greater Kansas City, Inc.

## Notes to Financial Statements

April 30, 2019 and 2018

### Note 9: Long-term Debt

As of April 30, 2019 and 2018, the Organization maintained a capital lease for various copiers with an outstanding balance of \$141,592 and \$166,004, respectively. Interest expense on the copier leases amounted to \$2,599 and \$3,584 for the years ended April 30, 2019 and 2018, respectively.

Payments on capital lease obligations at April 30, 2019 are:

	<b>Capital Lease Obligations</b>
2020	\$ 34,278
2021	34,278
2022	34,278
2023	34,278
2024	11,426
	<hr/> 148,538
Less amounts representing interest	6,946
	<hr/>
Present value of future minimum lease payments	<u>\$ 141,592</u>

### Note 10: Operating Leases

The Organization entered into a noncancellable operating lease for office space expiring in 2023. This lease requires the Organization to pay a portion of executor costs (property taxes, maintenance and insurance).

In accordance with ASC Topic 840, *Leases*, rental agreements with escalating lease payments and rental incentives are recognized in the statements of activities on a straight-line basis. The landlord paid for \$506,651 in leasehold improvements for the leased office space. Additionally, the lease agreement includes annual escalation of rents based on a fixed schedule that range from \$394,400 to \$472,000, annually, through 2023. Overall deferred rent liability and deferred lease incentive totaled \$425,786 and \$495,715 as of April 30, 2019 and 2018, respectively, and is included in deferred rent on the statements of financial position. Rental expense for all operating leases amounted to \$405,921 for both the years ended April 30, 2019 and 2018.

**United Way of Greater Kansas City, Inc.**  
**Notes to Financial Statements**  
**April 30, 2019 and 2018**

Future minimum lease payments under operating leases at April 30, 2019 were:

2020	\$ 504,121
2021	495,334
2022	472,098
2023	472,098
2024	<u>157,366</u>
 Total minimum lease payments	 <u><u>\$ 2,101,017</u></u>

**Note 11: Endowment**

The Organization’s endowment consists of multiple funds. The endowment includes both donor-restricted endowment funds 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 (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization’s governing body is subject to the *State of Missouri Prudent Management of Institutional Funds Act* (SPMIFA). As a result, the Organization classifies in its donor restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

In accordance with SPMIFA, 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

# United Way of Greater Kansas City, Inc.

## Notes to Financial Statements

April 30, 2019 and 2018

The composition of net assets by type of endowment fund at April 30, 2019 and 2018 was:

	<b>2019</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 1,000,000	\$ 1,000,000
Accumulated investment gains	-	903,240	903,240
Board-designated endowment funds	<u>7,547,627</u>	<u>-</u>	<u>7,547,627</u>
Total endowment funds	<u>\$ 7,547,627</u>	<u>\$ 1,903,240</u>	<u>\$ 9,450,867</u>
	<b>2018</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 1,000,000	\$ 1,000,000
Accumulated investment gains	-	782,801	782,801
Board-designated endowment funds	<u>8,694,266</u>	<u>-</u>	<u>8,694,266</u>
Total endowment funds	<u>\$ 8,694,266</u>	<u>\$ 1,782,801</u>	<u>\$ 10,477,067</u>

Changes in endowment net assets for the years ended April 30, 2019 and 2018, were:

	<b>2019</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	<u>\$ 8,694,266</u>	<u>\$ 1,782,801</u>	<u>\$ 10,477,067</u>
Contributions	751,615	-	751,615
Investment return, net	439,284	120,439	559,723
Appropriation of endowment assets for expenditure	<u>(2,337,538)</u>	<u>-</u>	<u>(2,337,538)</u>
Endowment net assets, end of year	<u>\$ 7,547,627</u>	<u>\$ 1,903,240</u>	<u>\$ 9,450,867</u>

# United Way of Greater Kansas City, Inc.

## Notes to Financial Statements

April 30, 2019 and 2018

	<b>Without Donor Restrictions</b>	<b>2018 With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ 8,193,076	\$ 1,657,072	\$ 9,850,148
Investment return, net	518,628	130,103	648,731
Appropriation of endowment assets for expenditure	(17,438)	(4,374)	(21,812)
Endowment net assets, end of year	<u>\$ 8,694,266</u>	<u>\$ 1,782,801</u>	<u>\$ 10,477,067</u>

Total board-designated endowment funds are reflected in the statements of financial position at April 30, 2019 and 2018 as follows:

	<b>2019</b>	<b>2018</b>
Investments	\$ -	\$ 1,587,537
Restricted cash - Quasi Endowment	751,615	-
Beneficial interest in assets held by others - Quasi Endowment	<u>6,796,012</u>	<u>7,106,729</u>
Total board-designated endowment funds	<u>\$ 7,547,627</u>	<u>\$ 8,694,266</u>

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Organization must hold in perpetuity, as well as those of board-designated endowment funds. During the years ended April 30, 2019 and 2018, endowment assets are targeted for a ratio of 60 percent equity securities and 40 percent fixed income securities. The Organization expects its endowment funds to provide an average rate of return of approximately 5 percent annually based on the funds average balance over the previous three years. Any portion of investment returns that is not distributed for a particular calendar year will be reinvested. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

# United Way of Greater Kansas City, Inc.

## Notes to Financial Statements

April 30, 2019 and 2018

### Note 12: Net Assets

#### *Net Assets with Donor Restrictions*

Net assets with donor restrictions at April 30 were available for the following purposes or periods:

	<b>2019</b>	<b>2018</b>
Subject to expenditure for specified purpose		
AIDS Partnership	\$ 50,012	\$ 34,012
Diversity in Leadership	118,431	159,458
Dolly Parton Imagination Library	30,675	150,076
Education	10,220	188,616
Financial Stability	106,032	131,146
Health	-	158,749
Income	-	69,055
Promise 1000	165,565	13,423
School Attendance	29,547	-
Other	159,764	315,261
	670,246	1,219,796
Subject to passage of time		
Hunger and Community Food Security	86,800	-
Promise 1000	196,232	50,000
Beneficial interest in trusts	70,877	69,750
	353,909	119,750
Endowments		
Subject to endowment spending policy and appropriation for general use	1,903,240	1,782,801
Subject to appropriation and expenditure when a specific event occurs		
Beneficial interest in perpetual trusts	797,220	776,153
	<b>\$ 3,724,615</b>	<b>\$ 3,898,500</b>

# United Way of Greater Kansas City, Inc.

## Notes to Financial Statements

April 30, 2019 and 2018

### **Net Assets without Donor Restrictions**

Net assets without donor restrictions at April 30 have been designated for the following purposes:

	<u>2019</u>	<u>2018</u>
Undesignated	\$ 357,385	\$ 980,596
Designated by the Board for endowment	7,547,627	7,106,729
Designated by the Board for building fund	-	1,587,537
	<u>                    </u>	<u>                    </u>
Net assets without donor restrictions	<u>\$ 7,905,012</u>	<u>\$ 9,674,862</u>

### **Net Assets Released from Restrictions**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2019</u>	<u>2018</u>
Satisfaction or purpose restrictions		
AIDS Partnership	\$ 54,000	\$ 60,488
Diversity in Leadership	27	6,457
Dolly Parton Imagination Library	127,492	67,594
Education	388,832	243,029
Financial Stability	320,571	201,524
Health	489,020	142,810
Hunger and Community Food Security	86,800	-
Income	151,658	93,586
Promise 1000	825,986	383,448
School Attendance	77,093	-
Other	394,123	513,096
	<u>                    </u>	<u>                    </u>
	<u>\$ 2,915,602</u>	<u>\$ 1,712,032</u>

**United Way of Greater Kansas City, Inc.**  
**Notes to Financial Statements**  
**April 30, 2019 and 2018**

**Note 13: Related Party Transactions**

***Urban Neighborhood Initiative***

The Organization has an agreement with the Urban Neighborhood Initiative (“UNI”) which automatically renews for annually unless terminated by either party. Under the agreement, the Organization acts as a fiduciary agent and provides accounting and payroll services without cost to UNI. The CEO of the Organization is a board member of UNI.

***Note Receivable – Related Party***

As previously mentioned in *Notes 3 and 4*, the Organization exchanged its \$400,000 ownership interest in the United Way Digital Holdings, LLC for a note receivable.

**Note 14: Employee Benefit Plans**

***Defined Contribution Plan***

The Organization sponsors a 403(b) defined contribution plan, where eligible employees may defer a percentage of their salary to such plan. This plan includes a 50 percent employer matching contribution for the first 8 percent of salary contributed by employees. The Organization’s matching contributions amounted to \$87,816 and \$51,825 for the years ended April 30, 2019 and 2018, respectively.

The Organization froze benefits related to the defined benefit plan in 2008. To compensate for the loss of benefits for the frozen plan, the board of directors authorized management to provide a discretionary contribution to the 403(b) plan, if financially feasible. During the years ended April 30, 2019 and 2018, the Organization made additional discretionary contributions to the 403(b) plan of \$368,808 and \$363,540, respectively.

***Deferred Compensation Plan***

The Organization also sponsors a 457(b) deferred compensation plan for the executive management team. The plan includes an employer discretionary contribution on behalf of the participants and also participant contributions based on a chosen deferral amount documented in Salary Reduction Agreements. During the years ended April 30, 2019 and 2018, the Organization made a discretionary contribution to the 457(b) plan of \$5,000 and \$33,858, respectively. An asset and corresponding liability are recorded in the statements of financial position for \$534,011 and \$491,549 as of April 30, 2019 and 2018, respectively, representing the amounts held in the plan which have been contributed by the employer or plan participants and the funds owed to the participants.

# United Way of Greater Kansas City, Inc.

## Notes to Financial Statements

April 30, 2019 and 2018

### Defined Benefit Plan

The Organization has a noncontributory defined benefit pension plan covering employees who met eligibility requirements when the plan was active. The Organization froze the plan on January 31, 2008. The Organization's funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as the Organization may determine to be appropriate from time to time. The Organization contributed \$151,483 and \$76,509 to the plan during the years ended April 30, 2019 and 2018, respectively, and expects to contribute approximately \$825,000 to the plan during the year ended April 30, 2020.

The Organization uses an April 30 measurement date for the plan. Information about the plan's funded status follows:

	<u>2019</u>	<u>2018</u>
Accumulated benefit obligation	\$ 2,895,483	\$ 3,238,502
Fair value of plan assets	<u>2,236,784</u>	<u>2,905,823</u>
Funded status	<u>\$ (658,699)</u>	<u>\$ (332,679)</u>

A liability recognized in the statements of financial position is equal to the funded status shown above. Amounts recognized in the change in net assets not yet recognized as components of net periodic benefit cost consisted of a net loss for \$1,071,958 and \$952,309 for the years ended April 30, 2019 and 2018, respectively.

Other significant balances and costs are:

	<u>2019</u>	<u>2018</u>
Benefits paid	\$ 880,826	\$ 68,737
Benefit costs	16,493	6,941
Net periodic benefit costs before recognizing settlement	(60,371)	(51,557)
Net periodic benefit costs after recognizing settlement	(360,679)	(51,557)

Other changes in plan assets and benefit obligations recognized in change in net assets:

	<u>2019</u>	<u>2018</u>
Amounts arising during the period		
Net gain (loss)	\$ 189,343	\$ (20,099)
Amounts reclassified as components of net periodic benefit cost of the period		
Net loss	72,519	76,706

# United Way of Greater Kansas City, Inc.

## Notes to Financial Statements

April 30, 2019 and 2018

The estimated net loss for the defined benefit pension plan that will be amortized from net assets without restriction into net periodic benefit cost over the next fiscal year is \$95,068.

Significant assumptions include:

	<b>Pension Benefits</b>	
	<b>2019</b>	<b>2018</b>
Weighted-average assumptions used to determine benefit obligations		
Discount rate	3.40%	3.70%
Interest rate	5.00%	5.25%
Weighted-average assumptions used to determine benefit costs		
Discount rate	3.70%	3.40%
Expected return on plan assets	5.00%	5.00%
Pre-retirement mortality rate	Adjusted RP - 2014 Total Dataset Employee Table with Mortality Improvement Projective Scale MP - 2018, separate for males and females	Adjusted RP - 2014 Total Dataset Employee Table with Mortality Improvement Projective Scale MP - 2017, separate for males and females

The Organization has estimated the long-term rate of return on plan assets based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available data. The Organization has no rate of compensation increase as the plan was frozen in 2008.

The Organization's overall investment strategy is the preservation of capital and reducing excessive volatility in the value of the plan assets. As such, the Organization has determined 34 percent of plan assets shall be allocated to the General Account and the remaining 66 percent shall be split between the bond fund and mid-term bond fund at a range of 28 – 38 percent.

# United Way of Greater Kansas City, Inc.

## Notes to Financial Statements

April 30, 2019 and 2018

During 2015, the plan was amended to provide a distribution to all terminated participants effective February 1, 2015, with vested account balances of \$5,000 or less. A second amendment, effective April 1, 2015, provided participants who had not yet reached 55 and who were terminated on March 1, 2015 or prior to elect an immediate payment of their benefit. Furthermore, the board of directors approved a resolution indicating that it has the intention to terminate the defined benefit pension plan. As of the date of the Independent Auditor's Report, no formal plan termination has been communicated to the participants. In the event the plan terminates, the net assets of the plan will be allocated, as prescribed by ERISA and its related regulations, generally to provide the following benefits in the order indicated:

- (A) Annuity benefits that former employees or their beneficiaries have been receiving for at least three years, or that employees eligible to retire for that three-year period would have been receiving if they had retired with benefits in the normal form of annuity under the plan. The priority amount is limited to the lowest benefit that was payable (or would have been payable) during those three years. The amount is further limited to the lowest benefit that would be payable under plan provisions in effect at any time during the five years preceding plan termination.
- (B) Other vested benefits insured by the Pension Benefit Guaranty Corporation (PBGC) up to the applicable limitations discussed below.
- (C) Vested benefits not insured by the PBGC.
- (D) All nonvested benefits.

Certain benefits under the plan are insured by the PBGC if the plan terminates. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits and certain disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits under the plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the plan are guaranteed at the level in effect on the date of the plan's termination. However, there is a statutory ceiling, which is adjusted periodically, on the amount of an individual's monthly benefit that the PBGC guarantees.

Whether all participants receive their benefits should the plan terminate at some future time will depend on the sufficiency, at that time, of the plan's net assets to provide for accumulated benefit obligations and may also depend on the financial condition of the plan sponsor and the level of benefits guaranteed by the PBGC.

### ***Pension Plan Assets***

Following is a description of the valuation methodologies used for pension plan assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of pension plan assets pursuant to the valuation hierarchy.



# United Way of Greater Kansas City, Inc.

## Notes to Financial Statements

April 30, 2019 and 2018

The following benefit payments are expected to be paid as of April 30 assuming the plan is not terminated.

2020	\$ 901,000
2021	72,000
2022	74,000
2023	267,000
2024	75,000
2025-2029	895,000

### Note 15: 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. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing agency allocation and grants, community service programs, administrative and general expenses, and financial resources development expenses. To ensure financial assets are available, the Organization prepares annual operating and capital budgets for the upcoming fiscal year.

As of April 30, 2019 and 2018, the following financial assets could readily be made available within one year of the statement of financial position to meet general expenditures:

	<u>2019</u>	<u>2018</u>
Financial Assets		
Cash	\$ 3,426,332	\$ 3,131,122
Contributions receivable, net	11,119,256	11,331,758
Accounts receivable	472,273	207,016
Investments	<u>2,919,242</u>	<u>4,833,665</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 17,937,103</u>	<u>\$ 19,503,561</u>

In addition, the Organization holds board designated endowment funds totaling \$7,547,627 and \$8,694,266 as of April 30, 2019 and 2018, respectively. Although the Organization does not intend to spend from its quasi-endowment, other than investment income appropriated for general expenditures, amounts from the quasi-endowment could be made available if necessary. The Organization also has a revolving bank line of credit available to meet short-term needs. See *Note 8* for information about this line of credit.

# United Way of Greater Kansas City, Inc.

## Notes to Financial Statements

April 30, 2019 and 2018

The Organization receives contributions restricted by donors and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. For the years ended April 30, 2019 and 2018, restricted contributions of \$953,278 and \$1,269,796, respectively, were included in financial assets available to meet cash needs for general expenditures within one year.

### **Note 16: Disclosures About Fair Value of Assets and Liabilities**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- 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 supported by little or no market activity and are significant to the fair value of the assets or liabilities

**United Way of Greater Kansas City, Inc.**  
**Notes to Financial Statements**  
**April 30, 2019 and 2018**

***Recurring Measurements***

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at April 30, 2019 and 2018:

	<b>2019</b>			
	<b>Fair Value Measurements Using</b>			
	<b>Quoted</b>	<b>Significant</b>	<b>Significant</b>	
	<b>Prices in</b>	<b>Other</b>	<b>Unobservable</b>	
	<b>Active</b>	<b>Observable</b>	<b>Inputs</b>	
	<b>Markets for</b>	<b>Inputs</b>	<b>(Level 3)</b>	
	<b>Identical</b>	<b>(Level 2)</b>	<b>(Level 3)</b>	
	<b>Assets</b>	<b>(Level 2)</b>	<b>(Level 3)</b>	
	<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>	
	<b>Fair Value</b>	<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>
Investments				
U.S. Government agency bonds				
Federal Home Loan Mortgage	\$ 245,417	\$ -	\$ 245,417	\$ -
Interest receivable	19,378	-	-	-
Total	264,795	\$ -	\$ 245,417	\$ -
Certificates of deposit at cost**	2,654,447	-	-	-
Total Organization investments	<u>\$ 2,919,242</u>			
Beneficial interest in assets held by others	8,699,252	-	8,699,252	-
Beneficial interest in trusts	868,097	-	-	868,097
Other assets				
Deferred compensation (457b) - mutual funds	534,011	534,011	-	-
Accrued expenses				
Deferred compensation (457b) - obligations	534,011	534,011	-	-

# United Way of Greater Kansas City, Inc.

## Notes to Financial Statements

April 30, 2019 and 2018

	2018			
	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
U.S. Government agency bonds				
Fannie Mae	\$ 250,000	\$ -	\$ 250,000	\$ -
Interest receivable	13,665	-	-	-
Total	263,665	\$ -	\$ 250,000	\$ -
Investment at cost**	400,000			
Certificates of deposit at cost**	4,170,000	-	-	-
Total Organization investments	<u>\$ 4,833,665</u>			
Beneficial interest in assets held by others	8,889,530	-	8,889,530	-
Beneficial interest in trusts	845,903	-	-	845,903
Other Assets				
Deferred compensation (457b) - mutual funds	491,549	491,549	-	-
Accrued expenses				
Deferred compensation (457b) - obligations	491,549	491,549	-	-

\*\* Certificates of deposits at cost and the investment at cost in the United Way Digital Holdings are carried at cost, which approximates fair value. The amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Following is a description of valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended April 30, 2019. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

# United Way of Greater Kansas City, Inc.

## Notes to Financial Statements

April 30, 2019 and 2018

### **Investments**

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. At April 30, 2019 and 2018, the Organization did not have any Level 1 securities. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. Level 2 securities include U.S. Government agency and corporate bonds.

### **Beneficial Interest in Assets Held by Others**

The value of certain interest in assets held by others is determined using net asset value which estimates fair value. Investments for which the Organization expects to have the ability to redeem its investments with the investee within 12 months after the reporting date are categorized as Level 2.

### **Beneficial Interest in Trusts**

Fair value is estimated based on the Organization's beneficial interest in the trust assets which represents the present value of the future distributions expected to be received over the term of the agreement. As the Organization does not expect to be able to redeem its beneficial interest in trusts with the investee within 12 months after the reporting date, the beneficial interest in trusts are categorized as Level 3.

### **Deferred Compensation (457b) Investment and Accrued Expenses**

The deferred compensation plan is invested in mutual funds which have a readily determinable fair value and are classified as Level 1.

### **Unobservable Level 3 Inputs**

The following table presents quantitative information about unobservable inputs used in recurring Level 3 fair value measurements.

	<b>Fair Value at 4/30/2019</b>	<b>Fair Value at 4/30/2018</b>	<b>Valuation Technique</b>	<b>Unobservable Inputs</b>
Beneficial interest in trusts	\$ 868,097	\$ 845,903	Estimated value of the expected future cash flows	Present value of estimated future cash flows

# United Way of Greater Kansas City, Inc.

## Notes to Financial Statements

April 30, 2019 and 2018

### **Note 17: Significant Estimates and Concentrations**

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. These matters include the following:

#### ***Contributions Receivable Allowance***

The Organization estimates the allowance for uncollectible contributions receivable based upon a review of outstanding receivables, historical collection information and existing economic conditions. It is at least reasonably possible that actual collection could differ materially from the contributions receivable currently reported in the accompanying statements of financial position.

#### ***Functional Allocation of Expenses***

As discussed in *Note 1*, certain costs have been allocated among the program, management and general and financial resources development categories based on management's estimate of usage and other methods.

#### ***Pension Benefit Obligations***

The Organization has a noncontributory defined benefit pension plan whereby it agrees to provide certain postretirement benefits to eligible employees. The benefit obligation is the actuarial present value of all benefits attributed to service rendered prior to the valuation date based on the projected unit credit cost method. It is reasonably possible that events could occur that would change the estimated amount of this liability materially in the near term.

#### ***Investments***

The Organization 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 investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying statements of financial position.

### **Note 18: Subsequent Events**

Subsequent events have been evaluated through October 17, 2019, which is the date the financial statements were available to be issued.