

**UNITED COMMUNITY SERVICES  
OF JOHNSON COUNTY, INC.**

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
DECEMBER 31, 2012 AND 2011



## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
United Community Services of Johnson County, Inc.  
Lenexa, Kansas

We have audited the accompanying financial statements of United Community Services of Johnson County, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2012 and 2011, and the related statements of activities and changes in net assets, 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.

### ***Auditors' 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 of material misstatement.

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2012 and 2011, 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.

*Pickett, Chaney & McMullen LLP*

May 28, 2013

# UNITED COMMUNITY SERVICES OF JOHNSON COUNTY, INC.

## STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2012 AND 2011

ASSETS	2012	2011
CURRENT ASSETS:		
Cash and cash equivalents	\$ 408,430	\$ 426,020
Certificates of deposit	120,396	208,098
Contributions receivable	3,157	7,780
Accrued interest	753	1,873
Prepaid expenses	<u>3,956</u>	<u>3,956</u>
Total current assets	536,692	647,727
 CERTIFICATES OF DEPOSIT	321,898	200,454
FURNITURE AND EQUIPMENT, NET	<u>3,575</u>	<u>3,343</u>
Total assets	<u>\$ 862,165</u>	<u>\$ 851,524</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Payable to agencies	\$ 128,250	\$ 119,813
Refundable advances	7,000	7,000
Accrued expenses	<u>21,293</u>	<u>21,318</u>
Total current liabilities	156,543	148,131
 NET ASSETS:		
Unrestricted	705,622	703,393
Temporarily restricted	<u>-</u>	<u>-</u>
Total net assets	<u>705,622</u>	<u>703,393</u>
Total liabilities and net assets	<u>\$ 862,165</u>	<u>\$ 851,524</u>

See notes to financial statements.

# UNITED COMMUNITY SERVICES OF JOHNSON COUNTY, INC.

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS YEARS ENDED DECEMBER 31, 2012 AND 2011

<b>UNRESTRICTED NET ASSETS:</b>	<b>2012</b>	<b>2011</b>
REVENUES, GAINS AND OTHER SUPPORT:		
United Way of Johnson County allocations	\$ 165,000	\$ 165,000
Individual contributions	27,500	31,675
Foundation and corporate contributions	5,090	7,223
Government grants and contracts	439,548	426,613
Interest income	7,466	12,662
Total unrestricted revenues	644,604	643,173
Net assets released from restrictions	27,500	27,850
Total revenues, gains and other support	672,104	671,023
EXPENSES:		
Program services:		
Community Planning	279,866	263,114
Human Service Fund	256,500	239,625
Drug and Alcoholism Council of Johnson County	72,613	71,864
Total program services	608,979	574,603
Supporting services:		
Management and general	57,239	59,331
Fund development	3,657	3,474
Total supporting activities	60,896	62,805
Total expenses	669,875	637,408
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	2,229	33,615
<b>TEMPORARILY RESTRICTED NET ASSETS:</b>		
Foundation and corporate contributions	27,500	27,850
Net assets released from restrictions	(27,500)	(27,850)
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>	-	-
<b>CHANGE IN NET ASSETS</b>	2,229	33,615
<b>NET ASSETS, BEGINNING OF THE YEAR</b>	703,393	669,778
<b>NET ASSETS, END OF THE YEAR</b>	\$ 705,622	\$ 703,393

See notes to financial statements.

# UNITED COMMUNITY SERVICES OF JOHNSON COUNTY, INC.

## STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2012

	PROGRAM SERVICES				SUPPORTING ACTIVITIES			
	Drug & Alcoholism				Total			
	Community	Human	Council of	Total Program	Management	Fund	Supporting	Total
	Planning	Service Fund	Johnson County		and General	Development	Activities	
Allocations to participating agencies		\$ 256,500		\$ 256,500				\$ 256,500
Salaries	\$ 175,512		\$ 45,133	220,645	\$ 28,212	\$ 1,805	\$ 30,017	250,662
Contract services	4,446		2,636	7,082	13,990	893	14,883	21,965
Retirement	23,670		7,229	30,899	3,776	241	4,017	34,916
Social Security	13,427		3,453	16,880	2,164	138	2,302	19,182
Worker's compensation & employee benefits	20,803		4,074	24,877	2,557	163	2,720	27,597
Office supplies	1,441		502	1,943	176	11	187	2,130
Telephone	815		209	1,024	131	8	139	1,163
Postage	826		213	1,039	133	9	142	1,181
Occupancy	19,400		4,989	24,389	3,126	200	3,326	27,715
Printing	1,862		476	2,338	760	48	808	3,146
Travel and training	4,185		993	5,178	30	2	32	5,210
Depreciation	2,033			2,033				2,033
Dues & subscriptions	1,233		151	1,384				1,384
Insurance	-			-	1,637	104	1,741	1,741
Meeting expenses	3,404		806	4,210	547	35	582	4,792
Technology	6,809		1,749	8,558				8,558
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 279,866</b>	<b>\$ 256,500</b>	<b>\$ 72,613</b>	<b>\$ 608,979</b>	<b>\$ 57,239</b>	<b>\$ 3,657</b>	<b>\$ 60,896</b>	<b>\$ 669,875</b>

See notes to financial statements.

# UNITED COMMUNITY SERVICES OF JOHNSON COUNTY, INC.

## STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2011

	PROGRAM SERVICES				SUPPORTING ACTIVITIES			
	Drug & Alcoholism Council of Johnson County			Total Program	Management and General	Fund Development	Total Supporting Activities	Total
	Community Planning	Human Service Fund						
Allocations to participating agencies		\$ 239,625		\$ 239,625				\$ 239,625
Salaries	\$ 167,751		\$ 46,174	213,925	\$ 27,917	\$ 1,469	\$ 29,386	243,311
Contract services	10,672		693	11,365	16,656	1,063	17,719	29,084
Retirement	20,836		5,712	26,548	3,330	213	3,543	30,091
Social Security	12,821		3,531	16,352	2,096	134	2,230	18,582
Worker's compensation & employee benefits	14,796		6,848	21,644	2,288	146	2,434	24,078
Office supplies	722		196	918	126	8	134	1,052
Telephone	1,607		413	2,020	258	17	275	2,295
Postage	1,020		262	1,282	219	14	233	1,515
Occupancy	18,795		4,833	23,628	3,029	193	3,222	26,850
Printing	2,509		804	3,313	664	42	706	4,019
Travel and training	3,108		500	3,608	464	30	494	4,102
Dues and subscriptions	1,351		375	1,726	129	8	137	1,863
Depreciation	1,752			1,752				1,752
Insurance	96		25	121	460	29	489	610
Meeting expenses	3,300		1,001	4,301	1,635	104	1,739	6,040
Technology	1,978		497	2,475	60	4	64	2,539
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 263,114</b>	<b>\$ 239,625</b>	<b>\$ 71,864</b>	<b>\$ 574,603</b>	<b>\$ 59,331</b>	<b>\$ 3,474</b>	<b>\$ 62,805</b>	<b>\$ 637,408</b>

See notes to financial statements.

# UNITED COMMUNITY SERVICES OF JOHNSON COUNTY, INC.

## STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2012 AND 2011

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	<b>2012</b>	<b>2011</b>
Change in net assets	\$ 2,229	\$ 33,615
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	2,033	1,752
Changes in operating assets and liabilities:		
Contributions receivable	4,623	(2,880)
Accrued interest receivable	1,120	(1,873)
Prepaid expenses		(3,956)
Payable to agencies	8,437	7,413
Refundable advances		7,000
Accrued expenses	(25)	498
Net cash provided by operating activities	<u>18,417</u>	<u>41,569</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of certificate of deposits	(150,000)	
Maturity of certificate of deposits	116,258	
Purchase of furniture and equipment	(2,265)	
Net cash used in investing activities	<u>(36,007)</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(17,590)</b>	<b>41,569</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u><b>426,020</b></u>	<u><b>384,451</b></u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u><b>\$ 408,430</b></u></u>	<u><u><b>\$ 426,020</b></u></u>

See notes to financial statements.



# UNITED COMMUNITY SERVICES OF JOHNSON COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

---

### 1. DESCRIPTION OF THE ORGANIZATION

United Community Services of Johnson County, Inc. (the "Organization") provides data analysis, leads collaborative planning and mobilizes resources to enhance the availability and delivery of health and human services. The following is a description of the Organization's various programs.

**Community Planning** – Community planning focused on health and human services is the primary program of the Organization. The Organization provides information and trends analysis; leads collaborations in the areas of children and youth, poverty and homelessness, and substance abuse; mobilizes community response to emerging community issues; advocates for policy changes; and leverages resources to increase the community's capacity to respond to human service needs. United Way of Greater Kansas City ("UWGKC") is the primary source of funding via contractual planning support. Payments for contracted services and community contributions are also a source of income for the Organization.

**Human Service Fund** – Human Service Fund represents grants from the Johnson County government and cities within Johnson County. Allocations to the fund are made by fifteen cities and Johnson County. The dollars are disbursed by the Organization to local not-for-profit agencies for human service programs serving Johnson County residents.

**Drug and Alcoholism Council of Johnson County** – The Organization has contracted with eight cities and the Johnson County government for a project that makes recommendations to local governments concerning the expenditures of the available local alcohol tax funds. The funds are provided by the Kansas State Liquor-by-the-Drink excise tax, a portion of which is earmarked for the specific purposes of prevention, intervention, and treatment.

**Administration and Fundraising** – Provides oversight of programs, business management, record keeping, and budgeting, financing and other administrative and fundraising activities for the entire Organization.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting and Presentation** – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization had no permanently restricted at December 31, 2012 or 2011.

**Cash and Cash Equivalents** – The Organization considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents.

**Furniture and Equipment** – Furniture and equipment are carried at cost, or fair value if donated. Major renewals and improvements are capitalized, and maintenance and repairs that do not improve or extend the life of the respective assets are expensed. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

**Recognition of Donor Restrictions** – Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Contributions Receivable** – The majority of the Organization's contributions receivable is due from organizations and foundations. The Organization writes off contributions receivable when they become uncollectible. No allowance for doubtful accounts was considered necessary at December 31, 2012 or 2011.

**Promises to Give** – Unconditional promises to give are recorded as revenues or gains in the period received and as assets or a decrease in liabilities, depending on the form of the benefits received. Conditional promises to give are recognized when conditions on which they depend are substantially met. There are no conditional promises to give at December 31, 2012 and 2011.

**Payable to Agencies** – Unconditional grants to Human Service Fund recipients are recognized as a liability when approved by the funding jurisdictions. Conditional grants are recognized as a liability when the grantee has substantially met the conditions of the grant. There were no conditional grants at December 31, 2012 or 2011.

**Grant Revenues** – The Organization receives a significant amount of revenue in the form of grants. The Organization recognizes grant funds received or receivable as revenue to the extent that related program expenses have been incurred. Grant funds received in excess of expenses incurred are recognized as refundable advances in the Statement of Financial Position.

**Contributed Services** – Contributed services are recognized when the Organization would typically purchase such services if they require specialized skills and the contributor possesses such skills. No such services were received during the years ended December 31, 2012 and 2011. Many individuals volunteered their time and performed a variety of tasks that assisted the Organization.

**Expense Allocation** – The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimates.

**Income Taxes** – The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. As a result, no provision for income taxes has been recorded. The Organization accounts for uncertain tax positions in accordance with the provisions of Financial Accounting Standards Board ("FASB") Codification Topic *Income Taxes*. *Income Taxes* clarifies the accounting for uncertainty in income taxes and requires the Foundation to recognize in their financial statements the impact of a tax position taken or expected to be taken in a tax return, if that position is more likely than not to be sustained under audit, based on the technical merits of the position. Management has assessed the tax positions of the Organization and determined that no positions exist that require adjustment or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2009.

**Use of Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Date of Management's Review** – Subsequent events have been evaluated through May 28, 2013, which is the date the financial statements were available to be issued, and there were no material events requiring recognition or disclosure.

### 3. CERTIFICATES OF DEPOSIT

The Organization's certificates of deposit are held by local banks. At December 31, 2012 and 2011, the certificates of deposit had remaining maturities from three months to four years in 2012 and from two months to five years in 2011. Cost approximates fair value. Rates as of December 31, 2012 ranged from 0.55% to 3.10%.

### 4. FURNITURE AND EQUIPMENT

Furniture and equipment consisted of the following as of December 31, 2012 and 2011:

	2012	2011
Furniture and fixtures	\$ 22,008	\$ 25,519
Computer equipment	16,586	17,495
	<u>38,594</u>	<u>43,014</u>
Less accumulated depreciation	(35,019)	(39,671)
	<u>\$ 3,575</u>	<u>\$ 3,343</u>

Depreciation expense totaled \$2,033 and \$1,752 for the years ended December 31, 2012 and 2011, respectively.

### 5. OPERATING LEASES

The Organization subleases office space from another area not-for-profit organization under an operating lease that expires in February 2016. The lease payments recorded as occupancy expense for the years ended December 31, 2012 and 2011, were \$27,715 and \$26,850, respectively.

Future minimum lease payments under the operating leases for the next five years are as follows:

2013	\$ 30,964
2014	31,912
2015	32,616
2016	5,436
2017	-

## 6. TEMPORARILY RESTRICTED NET ASSETS

Net assets of \$27,500 and \$27,850, respectively, were released from donor restrictions by incurring expenses satisfying the restricted purposes, or by the passage of time. Net assets released from restrictions for the year ended December 31 were:

	2012	2011
Mental Health Consumer Project	\$ 27,500	\$ 27,850

## 7. RETIREMENT PLANS

**Defined Contribution Plan** – The Organization has a 403(b) thrift plan for substantially all employees. In 2007, the plan was amended to set a minimum age of twenty-one and one year of service to be eligible, to exclude highly compensated employees from eligibility, and to set a required employer contribution to all employees of 6% and an additional matching contribution to participants of up to 4%, based on years of service. The Organization made contributions in the amounts of \$30,889 and \$28,371 for the years ended December 31, 2012 and 2011, respectively.

**Deferred Compensation Plan** – The Organization has a 457(b) deferred compensation plan for a key employee. The Organization must make contributions to the plan equal to 2% of the employee's compensation. For the years ended December 31, 2012 and 2011, the Organization contributed \$1,754 and \$1,720, respectively, to the plan.

## 8. ENDOWMENT FUND

The Organization received a \$100,000 bequest during 2001 that had no restrictions as to its use or purpose. The Organization established an endowment fund with the Community Foundation of Johnson County (an affiliate of the Greater Kansas City Community Foundation ("GKCCF")). The Board of Directors of the Organization can make recommendations as to how the endowment funds are to be spent; however, GKCCF reserves the unilateral right to make decisions regarding distribution of principal and interest. The Organization has made subsequent contributions totaling \$50,000. The endowment fund, which had a balance of \$216,155 and \$195,008 as of December 31, 2012 and 2011, respectively, has not been included in the accompanying financial statements.

## 9. RESTRICTIONS ON CASH

The Human Service Fund requires cash to be held in a separate bank account. At December 31, 2012 and 2011, \$136,276 and \$127,783, respectively, was held in a separate bank account restricted to pay grant awards to local not-for-profit organizations.

## 10. MAJOR CONCENTRATIONS

During each of the years ended December 31, 2012 and 2011, the Organization received \$165,000 of grants and support from UWGKC. This funding represented approximately 25% and 24% of the Organization's total support and revenues for the years ended December 31, 2012 and 2011, respectively.

During the years ended December 31, 2012 and 2011, the Organization received money from local cities and Johnson County for program services and supporting activities, and a portion thereof was passed through to various agencies. This funding represented approximately 54% and 50% of the Organization's total support and revenues for the years ended December 31, 2012 and 2011, respectively.

The Organization maintains its cash balances at various financial institutions in Johnson County, Kansas. At December 31, 2012 and 2011, the balances were insured by the Federal Deposit Insurance Corporation up to \$250,000 at each institution. At December 31, 2012 and 2011, the Organization's uninsured balances totaled \$59,869 and \$84,723, respectively.

\* \* \* \* \*