



United Way of Johnson County

Financial Statements

Years Ended June 30, 2019 and 2018

UNITED WAY OF JOHNSON COUNTY, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
United Way of Johnson County, Inc.
Franklin, Indiana

We have audited the accompanying financial statements of United Way of Johnson County, Inc. (United Way) which comprise the statements of financial position as of June 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 audits 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 United Way'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 United Way'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 United Way as of June 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.

Report on Summarized Comparative Information

We have previously audited the United Way's financial statements for the year ended June 30, 2018 and we expressed an unmodified opinion on the financial statements dated January 10, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent in all material respects, with the audited financial statements from which it has been derived.

Humphrey CPA Group, L.L.C.

Indianapolis, Indiana
December 5, 2019

UNITED WAY OF JOHNSON COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2019 and 2018

	2019	2018
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 225,527	\$ 174,767
Short-term investments	223,563	247,159
Pledges receivable-current campaign	649,873	556,082
Pledges receivable-prior campaign, net of allowance	6,273	7,588
Prepaid expense	82,309	52,627
TOTAL CURRENT ASSETS	1,187,545	1,038,223
NON-CURRENT ASSETS		
Office equipment, net of depreciation	5,274	9,894
Investments	122,110	116,724
Beneficial interest in assets held by Community Foundation	62,259	44,124
TOTAL NON-CURRENT ASSETS	189,643	170,742
TOTAL ASSETS	\$ 1,377,188	\$ 1,208,965
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accrued expenses	\$ 20,315	\$ 17,496
Allocations payable	804,670	677,780
Designations payable-current campaign	40,094	38,442
TOTAL CURRENT LIABILITIES	865,079	733,718
TOTAL LIABILITIES	865,079	733,718
NET ASSETS		
Without donor restrictions		
Designated by the board	185,957	167,703
Available for operations	105,872	141,734
Total net assets without donor restrictions	291,829	309,436
With donor restrictions		
Restrictions due to time or purpose	171,922	135,811
Restrictions in perpetuity	48,358	30,000
Total net assets with donor restrictions	220,280	165,811
TOTAL NET ASSETS	512,110	475,247
TOTAL LIABILITIES AND NET ASSETS	\$ 1,377,188	\$ 1,208,965

See accompanying notes and independent auditor's report.

UNITED WAY OF JOHNSON COUNTY, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2019 and 2018 (Comparative purposes only)

	2019				2018
	Without Donor	With Donor Restrictions		Total	Memo
	Restriction	Time or Purpose	Perpetuity		
SUPPORT AND REVENUE					
Support					
Gross campaign results	\$ 1,272,376	\$ 6,681	\$ 0	\$ 1,279,057	\$ 1,270,922
Donor designations to member agencies	(71,600)	0	0	(71,600)	(100,711)
Donor designations to other agencies	(39,487)	0	0	(39,487)	(47,502)
Provision for uncollectible pledges	(108,708)	0	0	(108,708)	(103,992)
Net campaign results	1,052,581	6,681	0	1,059,262	1,018,717
Revenue					
Designations from other United Ways	232,585	0	0	232,585	215,175
Grants	0	228,821	0	228,821	40,400
Other contributions	53,921	0	18,358	72,279	41,607
Campaign related events	5,203	0	0	5,203	5,929
In-kind contributions	0	221,927	0	221,927	200,932
Investment income	7,048	0	0	7,048	3,370
Unrealized gains (losses) on investments	4,083	0	0	4,083	640
Received from Community Foundation	1,518	1,346	0	2,864	2,872
Other income	13,371	0	0	13,371	15,092
Total revenue	317,729	452,094	18,358	788,181	526,017
Total Support and Revenue	1,370,310	458,775	18,358	1,847,443	1,544,734
Other revenue					
Net assets released from restrictions	422,664	(422,664)	0	0	0
TOTAL SUPPORT AND REVENUE	1,792,974	36,111	18,358	1,847,443	1,544,734
EXPENSES					
Program services					
Gross distributions	859,116	0	0	859,116	845,341
Special project distributions	77,273	0	0	77,273	47,847
Donor designations to members	(71,600)	0	0	(71,600)	(100,711)
Donor designations to other agencies	(39,487)	0	0	(39,487)	(47,502)
Net funds distributed	825,302	0	0	825,302	744,975
Homeless Initiative Program	288,563	0	0	288,563	191,271
Net supporting expenses	1,113,865	0	0	1,113,865	936,246
Noncash items distributed	198,640	0	0	198,640	219,303
Other program services	190,902	0	0	190,902	186,392
Total Program Services	1,503,407	0	0	1,503,407	1,341,941
Management and general	157,181	0	0	157,181	135,825
Fundraising	137,135	0	0	137,135	160,175
Unallocated United Way Worldwide dues	12,858	0	0	12,858	12,708
TOTAL EXPENSES	1,810,581	0	0	1,810,581	1,650,649
CHANGE IN NET ASSETS	(17,607)	36,111	18,358	36,862	(105,915)
NET ASSETS, BEGINNING	309,436	135,811	30,000	475,247	581,162
NET ASSETS, ENDING	\$ 291,829	\$ 171,922	\$ 48,358	512,109	\$ 475,247

See accompanying notes and independent auditor's report.

UNITED WAY OF JOHNSON COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2019 and 2018 (Comparative purposes only)

	2019				2018	
	Program Services	Management & General	Fundraising	Unallocated UWW Dues	Total Expenses	Total (Memo Only)
Gross Distributions	\$ 859,116	\$ 0	\$ 0	\$ 0	\$ 859,116	\$ 845,341
Special Project distributions	77,273	0	0	0	77,273	47,847
Donor designations to members	(71,600)	0	0	0	(71,600)	(100,711)
Donor designations to other agencies	(39,487)	0	0	0	(39,487)	(47,502)
Net Funds distributed	825,302	0	0	0	825,302	744,975
Homeless Initiative expenses	288,563	0	0	0	288,563	191,271
Net Supporting expenses	1,113,865	0	0	0	1,113,865	936,246
Noncash items distributed	198,640	0	0	0	198,640	219,303
Salaries, wages, and consulting	100,612	69,361	62,914	0	232,887	232,923
Payroll taxes and benefits	21,591	17,215	19,619	0	58,425	49,448
Total personnel	122,203	86,576	82,533	0	291,312	282,371
Program expenses	28,180	1,827	1,004	0	31,011	29,446
Accounting and professional fees	5,813	14,156	3,680	0	23,649	31,305
Fees charged by other United Ways	0	0	8,138	0	8,138	22,028
Rent	10,299	17,836	9,798	0	37,933	37,732
Marketing	2,560	1,830	7,565	0	11,955	10,906
Printing and publications	1,248	1,244	5,451	0	7,943	10,183
Office expense	1,911	2,045	5,724	0	9,680	6,573
Travel	181	56	1,301	0	1,538	2,387
Telephone	2,459	2,547	1,399	0	6,405	6,319
Equipment purchases and maintenance	5,851	4,183	3,704	0	13,738	9,545
Insurance	2,922	2,088	1,849	0	6,859	6,663
Food, meetings and conferences	1,075	16,995	500	0	18,570	16,090
Dues and subscriptions	4,427	3,164	2,803	0	10,394	2,240
Depreciation	1,255	2,172	1,193	0	4,620	7,291
Miscellaneous	518	462	493	0	1,473	1,313
Subtotal	190,902	157,181	137,135	0	485,218	482,392
United Way Worldwide Dues	0	0	0	12,858	12,858	12,708
Total functional expenses	\$ 1,503,407	\$ 157,181	\$ 137,135	\$ 12,858	\$ 1,810,581	\$ 1,650,649

See accompanying notes and independent auditor's report.

UNITED WAY OF JOHNSON COUNTY, INC.

STATEMENTS OF CASH FLOWS For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from campaign	\$ 1,230,822	\$ 1,318,398
Cash received from grants and contributions	301,100	82,007
Cash received from other sources	21,439	23,893
Investment income	7,048	3,370
Cash paid to vendors and employees	<u>(1,505,643)</u>	<u>(1,437,195)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>54,766</u>	<u>(9,527)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	0	0
Net purchase of investments	<u>(4,006)</u>	<u>(69,879)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(4,006)</u>	<u>(69,879)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	50,760	(79,406)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>174,767</u>	<u>254,173</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 225,527</u>	<u>\$ 174,767</u>

See accompanying notes and independent auditor's report.

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(1) Nature of operations

The United Way of Johnson County (United Way) was formed on May 9, 1961, as a voluntary nonprofit organization benefiting the Johnson County, Indiana community. The mission of the United Way is to organize caring people to identify and meet human needs in our community. The United Way is governed by a board of directors. The United Way solicits donations from the public in Johnson County and grants funding to various nonprofit agencies.

(2) Summary of significant accounting policies

The significant accounting policies followed by the United Way are summarized below.

Method of accounting

The United Way uses the accrual method of accounting. Revenue is recorded in the period the pledge is received. Support is recorded in the period the contribution is made (when cash is received, or ownership of assets is transferred). Expenses are reported in the period incurred. The United Way also reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, as required by the Not-For-Profit Entities Topic of the FASB Accounting Standards Codification.

Basis of presentation

The United Way's financial statement presentation follows the requirements of the Financial Account Standards Board in its FASB ASC 958 for the years ended June 30, 2019 and 2018. Under FASB ASC 958, the United Way is required to report information regarding its financial position and activities according to the following net asset classification:

- **Net assets without donor restrictions**

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the United Way's management and the board of directors.

- **Net assets with donor restrictions**

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the United Way or by the passage of time. Other donor restrictions are perpetual in nature and includes where the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(2) Summary of significant accounting policies (continued)

Measure of operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the United Way's ongoing operations and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Cash and cash equivalents

For purposes of the Statement of Cash Flows, the United Way considers all liquid investments with a maturity of three months or less to be cash equivalents, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

Concentrations of credit risk

The United Way of Johnson County receives the majority of its funding from the general public in the Johnson County, Indiana. There are no individual donors that collectively pledge more than 20% of the total revenue during the years ended June 30, 2019 and 2018.

The United Way also maintains investments in securities that are covered under the SIPC. However, management feels the exposure to loss is minimal, due to the nature of the investments.

Support, Revenue and Pledges

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Pledges for contributions are recorded as receivable when the pledge is received. Allowances for uncollectible pledges are determined on an annual basis, when amounts are estimated to be uncollectible. Amounts received that are donor restricted for future periods or for specific purposes are reported as net assets with donor restrictions as either temporarily-restricted for time or purpose or as restricted for perpetuity.

When a donor-stipulated time restriction ends or a purpose restriction is accomplished, the net assets with donor restrictions are reported in the statement of activities as net assets released from restrictions.

Designated pledges payable consist of pledges designated by the donor to be paid to other United Ways, specific United Way agencies, or organizations that are not agencies of United Way of Johnson County, Inc.

The provision for uncollectible pledges is computed based upon a three-year historical average adjusted by management's estimates of current economic factors, applied to gross campaign results, including donor designations. The allowance is increased by a provision for uncollectible pledges, which is charged against gross revenue and reduced by charge-offs, net of recoveries.

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(2) Summary of significant accounting policies (continued)

Support, Revenue and Pledges(continued)

In kind donations, including donations of assets, are recorded at fair market value at the date of the donation. The United Way reports these gifts as unrestricted net assets unless the donor imposes a restriction, in which case, it is recorded as a temporarily restricted donation, following the policy as stated above.

Contributed services

The United Way's mission could not be fully achieved without the dedicated efforts of many volunteers. These contributed services are not reported as they do not meet the requirements under the current accounting standards.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over estimated useful lives of three to seven years. Donated items are reported at their fair market value on the date of the gift. The United Way's policy is to capitalize equipment purchases over \$500 with useful lives of more than one year. Depreciation is allocated to the various program services and supporting activities.

Use of estimates

The presentation 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Tax Status

The United Way has been determined to be exempt from state and federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. The United Way is classified as a publicly supported organization rather than a private foundation. There were no payments for penalties and interest related to taxes during the year ended June 30, 2019 and 2018.

U.S. generally accepted accounting principles require United Way to examine its tax positions for uncertain tax positions. United Way is not aware of any tax positions that are more likely than not to change in the next twelve months, or that would not sustain an examination by applicable taxing authorities.

Functional allocation of expenses

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited based on a function of direct labor as applied to the programs of the United Way.

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(3) Summary of significant accounting policies (continued)

Allocations

The organization's policy in determining allocations and designations to member agencies is to apply the "first dollar in" to the member agencies. The Board of Directors approves the allocation amount in August. This approval is based on the recommendations of the volunteer allocation panels which review each agency.

The campaign goal for the fall campaign is based on the allocation amounts presented to the board in August. If the campaign goal is met and the agencies have signed their funding agreements, then the agencies are paid their allocations in twelve installments beginning in May of the following year. If any agency receives designations over the amount that was approved by the United Way board, that agency will receive the additional amount designated to their agency.

Special events

Revenue for special fundraising events is presented on the statement of activities, net of the cost of direct expenses and is recognized once the event has occurred. Receipts in advance of the event are treated as deferred revenue. Expenses related to the events are recognized in the year of the event.

Cost Deduction

The United Way is committed to compliance with the United Way Worldwide cost deduction requirements for recovering actual costs associated with processing and transferring designated funds.

Investments

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 three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- 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

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(2) Summary of significant accounting policies (continued)

Investments(continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The listing of assets by level is more fully described in Note 6.

Advertising costs

The United Way expenses all advertising costs in the period incurred.

Agency allocations and designations payable

All outstanding agency allocations and designations are expected to be paid in less than one year.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The United Way has adopted the presentation of these statements effective with the year ended June 30, 2019. The financial information for the year ended June 30, 2018 has been restated to reflect the current standards.

(3) Property and Equipment

Fixed assets consist of the following:

	2019	2018
Office Equipment	\$ 81,599	\$ 81,599
less accumulated depreciation	76,325	71,705
	<u>\$ 5,274</u>	<u>\$ 9,894</u>

Depreciation expense totaled \$4,620 and \$7,291 for the year ended June 30, 2019 and 2018, respectively.

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2019 and 2018

(4) Availability and Liquidity

The United Way has the following financial assets available as of June 30, 2019 and 2018.

	2019	2018
Financial assets at year end:		
Cash and cash equivalents	\$ 225,527	\$ 174,767
Pledges receivable, net	656,146	563,670
Investments	345,672	363,883
Beneficial interest in perpetual fund	62,259	44,124
	1,289,604	1,146,445
Less amounts allocated for the agencies	804,670	677,780
	484,934	468,665
Less amounts not available for general expenditure within one year:		
Beneficial interest in perpetual trust	48,358	30,000
Designated by the board for operating reserves	185,957	167,703
Financial assets not available to be used within one year:	234,315	197,703
Financial assets available to meet general expenditures over the next twelve months	\$ 250,619	\$ 270,962

The United Way board of directors has designated funds for operating reserves as detailed in note 7 below.

(5) Beneficial interest in assets held by Community Foundation

On August 26, 1996, the United Way transferred funds to establish the United Way of Johnson County Fund at the Greater Johnson County Community Foundation, Inc. (Foundation) under a designated endowment fund agreement. The agreement and all contributions made to the fund are irrevocable. Under the agreement, the Foundation maintains variance authority over the funds, though the United Way is specified as the beneficiary. The Accounting Standards require that in such a case the revenue and net assets not be considered as revenue or assets of the expected beneficiary, the trust, except for the portion created by the trust. Earnings, net of fees and expenses, will be distributed to the United Way on an annual basis in accordance with the Foundation's disbursement policy. The beneficial interest reported an asset of \$62,259 and \$44,124 as of June 30, 2019 and 2018, respectively, and represents the present value as determined by the Community Foundation. Any change in the value of the beneficial interest in the fund is reported as an increase or decrease in temporarily restricted net assets.

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(5) Beneficial interest in assets held by Community Foundation

Due to the lack of trading in this area and heavy reliance on management assumptions to determine value, this asset is considered a Level 3 input with regards to Investments held. The value reported, as determined by the income approach, did not fluctuate from June 30, 2014 to June 30, 2015, resulting in no gains or losses being reflected in the financial statements. As of June 30, 2019 and 2018, the United Way had \$3,136 and \$4,070 available to be distributed in the form of grants from the Foundation.

The Greater Johnson County Community Foundation also maintains an account for the benefit of the United Way. The United Way does not have access to the amounts in this account. The United Way receives a portion of the net earnings annually from the Community Foundation as an annual distribution. During the years ended June 30, 2019 and 2018, \$22,509 and \$22,801 was donated to this fund from outside sources. Amounts paid out to the United Way during the years ended June 30, 2019 and 2018 totaled \$1,294 and \$1,294. The balance in this account as of June 30, 2019 and 2018 totaled \$81,035 and \$58,154, respectively.

(6) Investments

The United Way's financial instruments consists of Vanguard mutual funds whose fair value was \$156,805 and \$148,831 as of June 30, 2019 and 2018 respectively. The United Way has also invested in common stock and short-term investments in money funds at Ameritrade, whose fair value was \$188,867 and \$215,053 as of June 30, 2019 and 2018, respectively.

The Vanguard Mutual Funds and the common stock held are considered Level 1 investments. Fair values of the money funds are considered Level 2 input as defined by FASB ASC 820, as the values for the assets are other than quoted prices from active markets with Level 1, but are observable for the assets, either directly or indirectly. Values of the United Way's Level 2 inputs under the cost approach were determined through examination of the month statements provided to the United Way. Market risk could occur and is dependent on the future changes in market prices of the various investments held. The following schedule summarizes the investments held at June 30, 2019 and 2018.

In addition, the United Way has investments held at the Johnson County Community Foundation, as described in Note 5 above. This investment has been classified as level 3 input as discussed in Note 5. The reconciliation of activity for this level 3 asset is as follows:

	<u>2019</u>	<u>2018</u>
Beginning balance	\$ 44,124	\$ 40,511
Contributions received	18,359	2,500
Earnings	2,064	4,881
Grants	1,570	1,574
Fees paid	<u>718</u>	<u>2,194</u>
Ending balance	<u>\$ 62,259</u>	<u>\$ 44,124</u>

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2019 and 2018

(6) Investments(continued)

Investments held as of June 30, 2019 and 2018 consist of the following:

	Quoted Prices in Active Markets for Identical Assets				Significant Unobservable Inputs Level 3
	Fair Value	Level 1	Level 2	Level 3	
<u>2019</u>					
Vanguard Capital Development Fund- Mutual Funds	\$ 34,695	\$ 34,695	\$ 0	\$ 0	0
Vanguard Operating Reserves Fund- Mutual Funds	122,110	122,110	0		0
Securities held at Ameritrade	14,567	14,567	0		0
Ameritrade Money Funds	174,300	0	174,300		0
Beneficial interest held at Johnson County Community Foundation	<u>62,259</u>	<u>0</u>	<u>0</u>		<u>62,259</u>
Total	<u>\$ 407,931</u>	<u>\$ 171,372</u>	<u>\$ 174,300</u>	<u>\$</u>	<u>62,259</u>
<u>2018</u>					
Vanguard Capital Development Fund- Mutual Funds	\$ 32,106	\$ 32,106	\$ 0	\$ 0	0
Vanguard Operating Reserves Fund- Mutual Funds	116,724	116,724	0		0
Securities held at Ameritrade	12,939	12,939	0		0
Ameritrade Money Funds	202,114	0	202,114		0
Beneficial interest held at Johnson County Community Foundation	<u>44,124</u>	<u>0</u>	<u>0</u>		<u>44,124</u>
Total	<u>\$ 408,007</u>	<u>\$ 161,769</u>	<u>\$ 202,114</u>	<u>\$</u>	<u>44,124</u>

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2019 and 2018

(7) Net Assets

Net assets consist of the following as of June 30, 2019 and 2018:

Net assets without donor restrictions

Net assets without donor restrictions consist of the following as of June 30, 2019 and 2018:

	2019	2018
Board designated		
Community Initiatives Fund	\$ 1,370	\$ 1,370
Fast Track	22,573	12,294
IT Fund	5,208	5,208
Operating Reserves Fund	122,110	116,724
Capital Development Fund	34,695	32,106
Total board designated	185,956	167,702
Without donor restrictions or designations	105,873	141,734
Total net assets without donor restrictions	\$ 291,829	\$ 309,436

Net assets with donor restrictions due to time or purpose

Net assets with donor restrictions due to time or purpose as of June 30, 2019 and 2018 consist of the following:

	2019	2018
Homeless Initiative	\$ 80,372	\$ 108,308
Future Needs Assessment	0	8,158
Beneficial interest at Community Foundation	13,901	14,124
Impact Position from UnitedIN18	56,344	0
Trainings from UnitedIN18 Grant	14,624	0
Time restriction for future campaigns	6,681	5,221
Total net assets with donor restrictions of time or purpose	\$ 171,922	\$ 135,811

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(7) Net Assets (continued)

Net assets released from restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors are as follows:

	2019	2018
Helpline	\$ 3,000	\$ 3,000
Needs Assessment	8,158	15,373
Expiration of time restrictions	5,221	5,473
In-kind contribution for OBU	13,360	15,840
In-kind contribution for Christmas Angels	149,800	157,600
In-kind contribution for Fast Track	58,767	27,492
No Place to Call Home	178,468	115,858
UnitedIN18 Grant	4,320	0
Community Foundation	1,570	1,574
Total restrictions released	\$ 422,664	\$ 342,210

(8) Campaign results by campaign year

Net campaign results by campaign year are as follows:

Year ended June 30, 2019	2019 Campaign	2018 Campaign	2017 Campaign	Prior Campaigns	Total
Gross campaign results	\$ 6,681	\$ 1,233,652	\$ 37,776	\$ 948	\$ 1,279,057
Donor designations to members	0	(71,600)	0	0	(71,600)
Donor designations to other agencies	0	(39,487)	0	0	(39,487)
(Provision for) Recovery of uncollectible pledges	0	(86,526)	(22,182)	0	(108,708)
Total	\$ 6,681	\$ 1,036,039	\$ 15,594	\$ 948	\$ 1,059,262

Year ended June 30, 2018	2018 Campaign	2017 Campaign	2016 Campaign	Prior Campaigns	Total
Gross campaign results	\$ 5,221	\$ 1,230,285	\$ 34,914	\$ 502	\$ 1,270,922
Donor designations to members	0	(100,711)	0	0	(100,711)
Donor designations to other agencies	0	(47,502)	0	0	(47,502)
(Provision for) Recovery of uncollectible pledges	0	(74,318)	(29,243)	0	(103,561)
Total	\$ 5,221	\$ 1,007,754	\$ 5,671	\$ 502	\$ 1,019,148

United Way Worldwide Reporting Standards require that designations from other United Ways be excluded in the presentation of campaign results. If designations and out-of-area contributions were added to the above campaign results, gross income from pledges would total \$1,506,142 and \$1,486,097, respectively for the year ended June 30, 2019 and 2018.

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(9) Functional expenses

The breakdown of program expense by program for the years ended June 30, 2019 and 2018 which includes staff hours, in-kind donations and direct program expenses, is as follows:

	<u>2019</u>	<u>2018</u>
Community Impact	\$ 794,892	\$ 737,429
Operation Bundle Up	17,444	20,545
Economic Assistance Plan	77,417	48,400
Christmas Angels	167,586	179,300
Fast Track	59,095	59,626
Helpline	48,631	44,234
Day of Caring	11,608	12,285
Needs Assessment	8,705	16,374
Charity Tracker	2,904	3,273
Volunteers	11,539	10,674
Homeless Initiative	303,138	209,458
Flood Relief	25	270
Other	<u>423</u>	<u>73</u>
Totals	\$ <u>1,503,407</u>	\$ <u>1,341,941</u>

(10) Operating leases

Beginning in September 2016, the United Way entered into a new lease agreement to an unrelated party for a 10-year period, ending August 2026. Rent expense under these agreements was \$40,966 and \$40,966 for the years ended June 30, 2019 and 2018, respectively. Future minimum lease payments under this lease for each of the next five years is \$40,966, annually, for the years ended June 30, 2020 through June 30, 2024.

The United Way also leases a digital copier at the rate of \$125 per month through March 2020. This lease has a basic fixed fee each month plus overage charges based on the number of copies. The copier expense for the year ended June 30, 2019 and 2018 was \$1,498 and \$1,498 and is included in printing and publications expense. Future minimum lease payments total \$968 for the year ended June 30, 2020.

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(11) Employee benefits

The United Way has a 401 (k) retirement plan that provides retirement benefits to all employees who have completed one year of service and are age 21 or older. Employer matching percentage and discretionary contributions are determined by the United Way on an annual basis. The United Way contributed \$13,313 and \$11,048 for the years ended June 30, 2019 and 2018, respectively.

(12) Donated materials and services

For Christmas Angels program, for the years ended June 30, 2019 and 2018, the United Way recognized \$149,800 and \$157,600 respectively, in gifts that were collected on behalf of the United Way's program and distributed to children in the Johnson County area at Christmas.

For the Operation Bundle Up program, an additional \$13,360 and \$15,840 in donated goods is reflected in the financial statements for the years ended June 30, 2019 and 2018, respectively, for coats that were collected, cleaned and distributed to those who may otherwise be without a winter coat.

Fast Track school supplies totaling \$35,480 and \$27,492 is reflected in the financial statements for the year ended June 30, 2019 and 2018, respectively, for noncash contributions given out by that program.

(13) Subsequent events

Subsequent events have been evaluated as of the date of the report, the date the financial statements were approved for release.