



United Way of Johnson County

Financial Statements

Years Ended June 30, 2020 and 2019

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, 2020 and 2019, 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, 2020 and 2019, 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, 2019 and we expressed an unmodified opinion on the financial statements dated December 5, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, 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 3, 2020

UNITED WAY OF JOHNSON COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2020 and 2019

	2020	2019
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 176,249	\$ 225,527
Short-term investments	1,119,018	223,563
Pledges receivable-current campaign	522,868	649,873
Pledges receivable-prior campaign, net of allowance	7,702	6,273
Prepaid expense	79,345	82,309
TOTAL CURRENT ASSETS	1,905,182	1,187,545
NON-CURRENT ASSETS		
Office equipment, net of depreciation	3,238	5,274
Investments	127,824	122,110
Beneficial interest in assets held by Community Foundation	79,289	62,259
TOTAL NON-CURRENT ASSETS	210,351	189,643
TOTAL ASSETS	\$ 2,115,533	\$ 1,377,188
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accrued expenses	\$ 19,411	\$ 20,314
Allocations payable	806,464	804,670
Designations payable-current campaign	39,161	40,094
Payroll Protection Program Loan	54,361	0
TOTAL CURRENT LIABILITIES	919,397	865,078
NET ASSETS		
Without donor restrictions		
Designated by the board	185,568	185,958
Available for operations	13,145	105,872
Total net assets without donor restrictions	198,713	291,829
With donor restrictions		
Restrictions due to time or purpose	929,997	171,922
Restrictions in perpetuity	67,426	48,358
Total net assets with donor restrictions	997,423	220,280
TOTAL NET ASSETS	1,196,136	512,109
TOTAL LIABILITIES AND NET ASSETS	\$ 2,115,533	\$ 1,377,188

See accompanying notes and independent auditor's report.

UNITED WAY OF JOHNSON COUNTY, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2020 and 2019 (Comparative purposes only)

	2020			2019	
	Without Donor Restriction	With Donor Restrictions		Total	Total including Restrictions
		Time or Purpose	Perpetuity		
SUPPORT AND REVENUE					
Support					
Gross campaign results	\$ 1,228,540	\$ 6,077	\$ 0	\$ 1,234,617	\$ 1,279,057
Donor designations to member agencies	(61,463)	0	0	(61,463)	(71,600)
Donor designations to other agencies	(40,487)	0	0	(40,487)	(39,487)
Provision for uncollectible pledges	(98,615)	0	0	(98,615)	(108,708)
Net campaign results	<u>1,027,975</u>	<u>6,077</u>	<u>0</u>	<u>1,034,052</u>	<u>1,059,262</u>
Revenue					
Designations from other United Ways	169,336	0	0	169,336	232,585
Grants	0	996,989	0	996,989	228,821
Other contributions	34,917	0	19,068	53,985	72,279
Campaign related events	3,203	0	0	3,203	5,203
In-kind contributions	0	209,270	0	209,270	221,927
Investment income	3,758	0	0	3,758	4,411
Unrealized gains (losses) on investments	13,613	(424)	0	13,189	6,720
Received from Community Foundation	1,522	0	0	1,522	2,864
Other income	8,634	0	0	8,634	13,371
Total revenue	<u>234,983</u>	<u>1,205,835</u>	<u>19,068</u>	<u>1,459,886</u>	<u>788,181</u>
Total Support and Revenue	1,262,958	1,211,912	19,068	2,493,938	1,847,443
Other revenue					
Net assets released from restrictions	453,837	(453,837)	0	0	0
TOTAL SUPPORT AND REVENUE	<u>1,716,795</u>	<u>758,075</u>	<u>19,068</u>	<u>2,493,938</u>	<u>1,847,443</u>
EXPENSES					
Program services					
Gross distributions	868,172	0	0	868,172	863,674
Special project distributions	44,417	0	0	44,417	77,273
Donor designations to members	(40,487)	0	0	(40,487)	(71,600)
Donor designations to other agencies	(61,463)	0	0	(61,463)	(39,487)
Net funds distributed	810,639	0	0	810,639	829,860
Homeless Initiative Program	203,784	0	0	203,784	284,004
COVID-19 Expenses	124,622	0	0	124,622	0
Net supporting expenses	1,139,045	0	0	1,139,045	1,113,865
Noncash items distributed	209,270	0	0	209,270	198,640
Other program services	216,818	0	0	216,818	190,902
Total Program Services	1,565,133	0	0	1,565,133	1,503,407
Management and general	128,600	0	0	128,600	157,181
Fundraising	101,989	0	0	101,989	137,135
Unallocated United Way Worldwide dues	14,189	0	0	14,189	12,858
TOTAL EXPENSES	<u>1,809,911</u>	<u>0</u>	<u>0</u>	<u>1,809,911</u>	<u>1,810,581</u>
CHANGE IN NET ASSETS	(93,116)	758,075	19,068	684,027	36,862
NET ASSETS, BEGINNING	<u>291,829</u>	<u>171,922</u>	<u>48,358</u>	<u>512,109</u>	<u>475,247</u>
NET ASSETS, ENDING	<u>\$ 198,713</u>	<u>\$ 929,997</u>	<u>\$ 67,426</u>	<u>1,196,136</u>	<u>\$ 512,109</u>

See accompanying notes and independent auditor's report.

UNITED WAY OF JOHNSON COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2020 and 2019 (Comparative purposes only)

	2020				2019	
	Program Services	Management & General	Fundraising	Unallocated UWW Dues	Total Expenses	Total (Memo Only)
Gross Distributions	\$ 868,172	\$ 0	\$ 0	\$ 0	\$ 868,172	\$ 863,674
Special Project distributions	44,417	0	0	0	44,417	77,273
Donor designations to member agencies	(61,463)	0	0	0	(61,463)	(71,600)
Donor designations to other agencies	(40,487)	0	0	0	(40,487)	(39,487)
Net Funds distributed	810,639	0	0	0	810,639	829,861
Homeless Initiative expenses	203,784	0	0	0	203,784	284,004
COVID 19 expenses	124,622	0	0	0	124,622	0
Net Supporting expenses	1,139,045	0	0	0	1,139,045	1,113,865
Noncash items distributed	209,270	0	0	0	209,270	198,640
Salaries, wages, and consulting	114,953	56,777	40,447	0	212,177	232,887
Payroll taxes and benefits	26,900	11,186	9,652	0	47,738	58,425
Total personnel	141,853	67,963	50,099	0	259,915	291,312
Program expenses	25,771	0	0	0	25,771	31,011
Accounting and professional fees	7,457	13,650	3,311	0	24,418	23,649
Fees charged by other United Ways	0	0	15,349	0	15,349	8,138
Rent	11,525	16,336	7,219	0	35,080	37,933
Marketing	2,503	1,561	6,537	0	10,601	11,955
Printing and publications	1,457	1,683	4,421	0	7,561	7,943
Office expense	1,461	1,260	3,483	0	6,204	9,680
Travel	61	204	833	0	1,098	1,538
Telephone	2,241	1,641	725	0	4,607	6,405
Equipment purchases and maintenance	13,683	8,531	5,568	0	27,782	13,738
Insurance	2,897	1,806	1,179	0	5,882	6,859
Food, meetings and conferences	2,074	10,768	1,426	0	14,268	18,570
Dues and subscriptions	2,714	1,692	1,104	0	5,510	10,394
Depreciation	610	864	382	0	1,856	4,620
Miscellaneous	511	641	353	0	1,505	1,473
Subtotal	216,818	128,600	101,989	0	447,407	485,218
United Way Worldwide Dues	0	0	0	14,189	14,189	12,858
Total functional expenses	\$ 1,565,133	\$ 128,600	\$ 101,989	\$ 14,189	\$ 1,809,911	\$ 1,810,581

See accompanying notes and independent auditor's report.

UNITED WAY OF JOHNSON COUNTY, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from campaign	\$ 1,357,895	\$ 1,230,822
Cash received from grants and contributions	1,050,974	301,100
Cash received from other sources	13,359	21,439
Investment income	3,758	7,048
Cash paid to vendors and employees	<u>(1,595,862)</u>	<u>(1,505,643)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>830,124</u>	<u>54,766</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchase of investments	<u>(933,763)</u>	<u>(4,006)</u>
Proceeds from sale of assets	0	0
Purchase of certificates of deposit	0	0
Proceeds from certificates of deposit	<u>0</u>	<u>0</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(933,763)</u>	<u>(4,006)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Payroll Protection loan	<u>54,361</u>	<u>0</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>54,361</u>	<u>0</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(49,278)</u>	<u>50,760</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>225,527</u>	<u>174,767</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 176,249</u>	<u>\$ 225,527</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, 2020 and 2019

(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, 2020 and 2019. 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, 2020 and 2019

(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, 2020 and 2019.

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 consists 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, 2020 and 2019

(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, 2020 and 2019.

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, 2020 and 2019

(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, 2020 and 2019

(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.

(3) Property and Equipment

Fixed assets consist of the following:

	2020	2019
Office Equipment	\$ 81,599	\$ 81,599
less accumulated depreciation	78,361	76,325
	<u>\$ 3,238</u>	<u>\$ 5,274</u>

Depreciation expense totaled \$2,036 and \$4,620 for the year ended June 30, 2020 and 2019, respectively.

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2020 and 2019

(4) Availability and Liquidity

The United Way has the following financial assets available as of June 30, 2020 and 2019.

	2020	2019
Financial assets at year end:		
Cash and cash equivalents	\$ 176,249	\$ 225,527
Pledges receivable, net	530,570	656,146
Investments	1,246,843	345,672
Beneficial interest in perpetual fund	79,289	62,259
	2,032,951	1,289,604
Less amounts allocated for the agencies	806,464	804,670
	1,226,487	484,934
Less amounts not available for general expenditure within one year:		
Beneficial interest in perpetual trust	67,426	48,358
Designated by the board for operating reserves	185,568	185,958
Financial assets not available to be used within one year:	252,994	234,316
Financial assets available to meet general expenditures over the next twelve months	\$ 973,493	\$ 250,619

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 \$79,289 and \$62,259 as of June 30, 2020 and 2019, 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, 2020 and 2019

(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. As of June 30, 2020, and 2019, the United Way had \$3,898 and \$3,136 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, 2020 and 2019, \$9,634 and \$22,509 was donated to this fund from outside sources. Amounts paid out to the United Way during the years ended June 30, 2020 and 2019 totaled \$1,522 and \$1,294. The balance in this account as of June 30, 2020 and 2019 totaled \$90,159 and \$81,035, respectively.

(6) Investments

The United Way's financial instruments consists of Vanguard mutual funds whose fair value was \$165,096 and \$156,805 as of June 30, 2020 and 2019 respectively. The United Way has also invested in common stock and short-term investments in money funds at Ameritrade, whose fair value was \$1,081,747 and \$188,867 as of June 30, 2020 and 2019, 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, 2020 and 2019.

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>2020</u>	<u>2019</u>
Beginning balance	\$ 62,259	\$ 44,124
Contributions received	19,068	18,359
Earnings	673	2,064
Grants	1,614	1,570
Fees paid	<u>1,097</u>	<u>718</u>
Ending balance	\$ <u><u>79,289</u></u>	\$ <u><u>62,259</u></u>

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2020 and 2019

(6) Investments(continued)

Investments held as of June 30, 2020 and 2019 consist of the following:

	Quoted Prices in Active Markets for Identical Assets				Significant Unobservable Inputs
	Fair Value	Level 1	Level 2	Level 3	Level 3
<u>2020</u>					
Vanguard Capital Development Fund-Mutual Funds	\$ 37,272	\$ 37,272	\$ 0	\$ 0	0
Vanguard Operating Reserves Fund-Mutual Funds	127,824	127,824	0	0	0
Securities held at Ameritrade	0	0	0	0	0
Ameritrade Money Funds	1,081,747	0	1,081,747	0	0
Beneficial interest held at Johnson County Community Foundation	79,289	0	0	0	79,289
Total	\$ <u>1,326,132</u>	\$ <u>165,096</u>	\$ <u>1,081,747</u>	\$ <u>0</u>	<u>79,289</u>
<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	0
Securities held at Ameritrade	14,567	14,567	0	0	0
Ameritrade Money Funds	174,300	0	174,300	0	0
Beneficial interest held at Johnson County Community Foundation	62,259	0	0	0	62,259
Total	\$ <u>407,931</u>	\$ <u>171,372</u>	\$ <u>174,300</u>	\$ <u>0</u>	<u>62,259</u>

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2020 and 2019

(7) Net Assets

Net assets consist of the following as of June 30, 2020 and 2019:

Net assets without donor restrictions

Net assets without donor restrictions consist of the following as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Board designated		
Community Initiatives Fund	\$ 1,370	\$ 1,370
Fast Track	19,102	22,573
IT Fund	0	5,208
Operating Reserves Fund	127,824	122,110
Capital Development Fund	<u>37,272</u>	<u>34,696</u>
Total board designated	185,568	185,957
Without donor restrictions or designations	<u>13,145</u>	<u>105,872</u>
Total net assets without donor restrictions	<u>\$ 198,713</u>	<u>\$ 291,829</u>

Net assets with donor restrictions due to time or purpose

Net assets with donor restrictions due to time or purpose as of June 30, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Homeless Initiative	\$ 10,208	\$ 80,372
COVID-19	867,218	0
Beneficial interest at Community Foundation	11,863	13,901
Impact Position from UnitedIN18	25,723	56,344
Trainings from UnitedIN18 Grant	8,908	14,624
Time restriction for future campaigns	<u>6,077</u>	<u>6,681</u>
Total net assets with donor restrictions of time or purpose	<u>\$ 929,997</u>	<u>\$ 171,922</u>

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2020 and 2019

(7) Net Assets (continued)

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

	2020	2019
No Place to Call Home	\$ 93,080	\$ 178,468
COVID-19	92,670	0
UnitedIN18 Grant	36,336	4,320
Expiration of time restrictions	6,681	5,221
In-kind contribution for OBU	14,500	13,360
In-kind contribution for Christmas Angels	139,900	149,800
In-kind contribution for Fast Track	54,870	58,767
Helpline	3,000	3,000
Needs Assessment	0	8,158
Community Foundation	12,800	1,570
Total restrictions released	\$ 453,837	\$ 422,664

(8) Campaign results by campaign year

Net campaign results by campaign year are as follows:

	2020		2019		2018		Prior		Total	
	Campaign	Campaign	Campaign	Campaign	Campaign	Campaign	Campaigns	Campaigns	Campaigns	Total
Year ended June 30, 2020										
Gross campaign results	\$ 6,077	\$ 1,172,864	\$ 48,116	\$ 7,560	\$ 1,234,617					
Donor designations to member agencies	0	(61,463)	0	0	(61,463)					
Donor designations to other agencies	0	(40,487)	0	0	(40,487)					
(Provision for) Recovery of uncollectible pledges	0	(91,321)	(7,294)	0	(98,615)					
Total	\$ 6,077	\$ 979,593	\$ 40,822	\$ 7,560	\$ 1,034,052					
Year ended June 30, 2019										
Gross campaign results	\$ 6,681	\$ 1,233,652	\$ 37,776	\$ 948	\$ 1,279,057					
Donor designations to member agencies	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					

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 \$1,403,953 and \$1,506,142, respectively for the year ended June 30, 2020 and 2019.

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2020 and 2019

(9) Functional expenses

The breakdown of program expense by program for the years ended June 30, 2020 and 2019 which includes staff hours, in-kind donations, and direct program expenses, is as follows:

		2020		2019
Community Impact	\$	809,741	\$	794,892
Homeless Initiative		227,327		303,138
COVID-19		124,622		0
United IN18 Grant-Impact Position		30,621		0
Operation Bundle Up		21,802		17,444
Economic Assistance Plan		45,257		77,417
Christmas Angels		153,569		167,586
Fast Track		74,986		59,095
Helpline		56,397		48,631
Day of Caring		7,793		11,608
Needs Assessment		1		8,705
Charity Tracker		2,762		2,904
Volunteers		10,218		11,539
Flood Relief		12		25
Other		25		423
		Totals		\$ 1,503,407
	\$	1,565,133	\$	1,503,407

(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, 2020 and 2019, 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, 2021 through June 30, 2025.

The United Way also leases a digital copier at the rate of \$129 per month through April 2023. 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, 2020 and 2019 was \$1,548 and \$1,548 and is included in printing and publications expense. Future minimum lease payments total \$1,548 for the years ended June 30, 2021 and 2022 and \$1,290 for the year ended June 30, 2023.

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2020 and 2019

(11) Payroll Protection Loan

The United Way received a Payroll Protection Program (PPP) Loan of \$54,361 on April 15, 2020. If the United Way meets all of the required obligations during the PPP forgiveness period, the loan will be forgiven under the CARES Act. Any unforgiven portion of the loan will be required to be paid back, including 1% interest beginning sometime in 2021 and maturing in April 2025.

(12) Grants/COVID-19

The United Way is the recipient of a \$900,000 grant from the Indiana United Ways as part of the Indiana United Way's United Way COVID-19 Economic Relief Initiative. These funds are to be distributed in the community to help with the physical, social, and economic effects of the coronavirus pandemic. In addition, the United Way can charge up to 5% of the grant to cover administrative portions of the grant. As of June 30, 2020, \$4,013 has been recognized as administrative costs allocated toward the COVID-19 grant. The grant period runs through March 2022. Amounts remaining on this grant total \$815,734 as of June 30, 2020.

The United Way also received a Community Development Block Grant CV Funds (CFDA Number 14.218) through the City of Greenwood in the amount of \$100,000. The goal of this grant is to help serve 32 households using these funds in the areas of financial assistance, resource connection and case management services for individuals financially affected by COVID-19. This program is open to all Greenwood families that meet low and moderate-income guidelines established by the US Department of Housing & Urban Development (HUD). Costs incurred between March 13, 2020 and March 1, 2021 are eligible for reimbursement. United Way has not incurred any costs eligible for reimbursement as of June 30, 2020.

The United Way has also received funding from other sources devoted to expenditures related to COVID-19, including personal protective equipment (PPE) and other upgrades to the facilities and to assistance in the community. Total direct expenses related to COVID-19 for the year ended June 30, 2020 were \$88,656. In addition, expenses of operations allocated for time spent for COVID-19 was \$35,966. The total unspent funds restricted to COVID-19 were \$867,218 as of June 30, 2020.

(13) 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 \$9,358 and \$13,313 for the years ended June 30, 2020 and 2019, respectively.

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2020 and 2019

(14) Donated materials and services

For Christmas Angels program, for the years ended June 30, 2020 and 2019, the United Way recognized \$139,900 and \$149,800 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 \$14,500 and \$13,360 in donated goods is reflected in the financial statements for the years ended June 30, 2020 and 2019, respectively, for coats that were collected, cleaned and distributed to those who may otherwise be without a winter coat.

Fast Track school supplies totaling \$54,870 and \$35,480 is reflected in the financial statements for the year ended June 30, 2020 and 2019, respectively, for noncash contributions given out by that program.

(15) Subsequent events

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. Future potential impacts may include disruptions or restrictions on our employees' ability to work or the ability to operate the programs of the United Way. Changes to the operating environment may increase operating costs. The future effects of these issues are unknown.

United Way has secured a Payroll Protection Program Loan (see note 11 above). In addition, United Way has secured several grants (see note 12 above) to help cover additional costs incurred and to distribute funds in the local communities served by the United Way.

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