



United Way of Johnson County

Financial Statements

Years Ended June 30, 2023 and 2022

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

Opinion

We have audited the accompanying financial statements of United Way of Johnson County, Inc. (United Way) (an Indiana not-for-profit corporation) which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and functional expenses for the year ended June 30, 2023 with comparative totals for 2022, and its cash flows for the years ended June 30, 2023 and 2022, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Johnson County, Inc. as of June 30, 2023 and 2022, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United Way of Johnson County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Johnson County, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

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

Other Matters

We have previously audited United Way of Johnson County, Inc.'s 2022 financial statements, and our report dated December 1, 2022, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, 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 7, 2023

UNITED WAY OF JOHNSON COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

	2023	2022
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 267,884	\$ 148,054
Cash equivalents held at brokerage	241,328	164,630
Investments	191,190	178,252
Pledges receivable-current campaign, net of allowance	529,986	550,615
Pledges receivable-prior campaign, net of allowance	0	0
Prepaid expense	71,022	57,837
TOTAL CURRENT ASSETS	1,301,410	1,099,388
NON-CURRENT ASSETS		
Office equipment, net of depreciation	133	588
Right of Use asset, net of amortization	119,731	0
Beneficial interest in assets held by Community Foundation	86,249	81,647
TOTAL NON-CURRENT ASSETS	206,113	82,235
TOTAL ASSETS	\$ 1,507,523	\$ 1,181,622
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accrued expenses	\$ 20,252	\$ 18,368
Allocations payable	773,573	778,693
Designations payable-current campaign	5,672	33,187
Designations payable-prior year campaign	0	5,018
TOTAL CURRENT LIABILITIES	799,498	835,265
LONG TERM LIABILITIES		
Accrued rent liability	119,731	0
TOTAL LONG TERM LIABILITIES	119,731	0
TOTAL LIABILITIES	919,229	835,265
NET ASSETS		
Without donor restrictions		
Designated by the board	194,438	187,334
Available for operations	90,140	50,909
Total net assets without donor restrictions	284,578	238,243
With donor restrictions		
Restrictions due to time or purpose	236,290	40,688
Restrictions in perpetuity	67,426	67,426
Total net assets with donor restrictions	303,716	108,114
TOTAL NET ASSETS	588,294	346,357
TOTAL LIABILITIES AND NET ASSETS	\$ 1,507,523	\$ 1,181,622

See accompanying notes and independent auditor's report.

UNITED WAY OF JOHNSON COUNTY, INC.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2023 and with comparative totals for 2022

	2023				2022
	Without Donor Restriction	With Donor Restrictions		Total	Total including Restrictions
		Time or Purpose	Perpetuity		
SUPPORT AND REVENUE					
Support					
Gross campaign results	\$ 1,243,463	\$ 3,360	\$ 0	\$ 1,246,823	\$ 1,169,365
Donor designations to member agencies	(39,813)	0	0	(39,813)	(40,832)
Donor designations to other agencies	(5,672)	0	0	(5,672)	(55,019)
Provision for uncollectible pledges	(34,275)	0	0	(34,275)	(39,896)
Net campaign results	<u>1,163,703</u>	<u>3,360</u>	<u>0</u>	<u>1,167,063</u>	<u>1,033,618</u>
Revenue					
Designations from other United Ways	219,094	0	0	219,094	198,418
Grants	0	238,142	0	238,142	208,963
Administrative fees	0	0	0	0	26,199
Payroll protection program loan forgiven	0	0	0	0	54,360
Other contributions	44,451	0	0	44,451	48,655
Campaign related events	7,594	0	0	7,594	4,875
In-kind contributions	0	234,712	0	234,712	210,676
Investment income	5,312	0	0	5,312	2,942
Unrealized gains (losses) on investments	14,090	0	0	14,090	(35,651)
Received from Community Foundation	6,555	0	0	6,555	5,114
Other income	1,438	0	0	1,438	18,027
Total revenue	<u>298,534</u>	<u>472,854</u>	<u>0</u>	<u>771,388</u>	<u>742,578</u>
Total Support and Revenue	1,462,237	476,214	0	1,938,451	1,776,196
Other revenue					
Net assets released from restrictions	280,612	(280,612)	0	0	0
TOTAL SUPPORT AND REVENUE	<u>1,742,849</u>	<u>195,602</u>	<u>0</u>	<u>1,938,451</u>	<u>1,776,196</u>
EXPENSES					
Program services					
Gross distributions	737,550	0	0	737,550	799,727
Special project distributions	34,837	0	0	34,837	44,420
Donor designations to member agencies	(39,813)	0	0	(39,813)	(40,832)
Donor designations to other agencies	(5,672)	0	0	(5,672)	(55,019)
Net funds distributed	<u>726,902</u>	<u>0</u>	<u>0</u>	<u>726,902</u>	<u>748,296</u>
Homeless Initiative Program	250,517	0	0	250,517	180,661
COVID-19 Expenses	0	0	0	0	624,788
Net supporting expenses	977,419	0	0	977,419	1,553,745
Noncash items distributed	234,712	0	0	234,712	210,676
Other program services	245,365	0	0	245,365	209,320
Total Program Services	<u>1,457,496</u>	<u>0</u>	<u>0</u>	<u>1,457,496</u>	<u>1,973,741</u>
Management and general	107,522	0	0	107,522	119,629
Fundraising	111,071	0	0	111,071	91,949
Unallocated United Way Worldwide dues	20,425	0	0	20,425	15,341
TOTAL EXPENSES	<u>1,696,514</u>	<u>0</u>	<u>0</u>	<u>1,696,514</u>	<u>2,200,660</u>
CHANGE IN NET ASSETS	46,335	195,602	0	241,937	(424,464)
NET ASSETS, BEGINNING	<u>238,243</u>	<u>40,688</u>	<u>67,426</u>	<u>346,357</u>	<u>770,821</u>
NET ASSETS, ENDING	<u>\$ 284,578</u>	<u>\$ 236,290</u>	<u>\$ 67,426</u>	<u>588,294</u>	<u>\$ 346,357</u>

See accompanying notes and independent auditor's report.

UNITED WAY OF JOHNSON COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended June 30, 2023 with comparative totals for 2022

	2023				2022	
	Program Services	Management & General	Fundraising	Unallocated UWW Dues	Total Expenses	Total (Memo Only)
Gross Distributions	\$ 737,550	\$ 0	\$ 0	\$ 0	\$ 737,550	\$ 799,727
Special Project distributions	34,837	0	0	0	34,837	44,420
Donor designations to member agencies	(39,813)	0	0	0	(39,813)	(40,832)
Donor designations to other agencies	(5,672)	0	0	0	(5,672)	(55,019)
Net Funds distributed	726,902	0	0	0	726,902	748,296
Homeless Initiative expenses	250,517	0	0	0	250,517	180,661
COVID 19 expenses	0	0	0	0	0	624,788
Net Supporting expenses	977,419	0	0	0	977,419	1,553,744
Noncash items distributed	234,712	0	0	0	234,712	210,676
Salaries, wages, and consulting	109,923	36,816	41,679	0	188,418	186,706
Payroll taxes and benefits	27,962	12,760	16,239	0	56,961	45,497
Total personnel	137,885	49,576	57,918	0	245,379	232,203
Program expenses	40,923	0	0	0	40,923	21,707
Accounting and professional fees	11,375	13,132	2,764	0	27,271	26,624
Fees charged by other United Ways	0	0	18,546	0	18,546	11,329
Rent	16,508	9,867	4,729	0	31,104	34,536
Marketing	5,768	1,334	1,797	0	8,899	7,014
Printing and publications	4,717	2,736	14,259	0	21,712	11,368
Office expense	3,102	1,313	3,573	0	7,988	6,910
Travel	490	136	1,063	0	1,689	1,084
Telephone	2,345	1,272	610	0	4,227	4,789
Equipment purchases and maintenance	11,665	2,834	2,850	0	17,349	16,094
Insurance	4,511	1,044	1,096	0	6,651	6,194
Food, meetings and conferences	1,313	21,441	673	0	23,427	32,245
Dues and subscriptions	3,463	1,221	842	0	5,526	5,133
Depreciation	241	145	69	0	455	773
Miscellaneous	1,059	1,471	282	0	2,812	2,895
Subtotal	245,365	107,522	111,071	0	463,958	420,898
United Way Worldwide Dues	0	0	0	20,425	20,425	15,341
Total functional expenses	<u>\$ 1,457,496</u>	<u>\$ 107,522</u>	<u>\$ 111,071</u>	<u>\$ 20,425</u>	<u>\$ 1,696,514</u>	<u>\$ 2,200,660</u>

See accompanying notes and independent auditor's report.

UNITED WAY OF JOHNSON COUNTY, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from campaign	\$ 1,406,785	\$ 1,098,985
Cash received from grants and contributions	282,593	257,617
Cash received from other sources	15,587	28,016
Investment income	1,068	2,942
Cash paid to vendors and employees	<u>(1,509,550)</u>	<u>(2,032,753)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>196,483</u>	<u>(645,193)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds (purchases) of cash equivalents fund	<u>(76,653)</u>	<u>536,580</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(76,653)</u>	<u>536,581</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>0</u>	<u>0</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	119,830	(108,613)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>148,054</u>	<u>256,667</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 267,884</u>	<u>\$ 148,054</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, 2023 and 2022

(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.

Financial statement presentation

The United Way has adopted 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.

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.

- **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, 2023 and 2022

(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.

Revenue recognition

Pledges and contributions

The United Way has adopted Accounting Standards Update (ASU) No. 2018-08 Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605) as management believes the standard improves the usefulness and understandability of the United Way's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way that the Agency recognizes revenue. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

The United Way conducts an annual community engagement fundraising to support local health and human service programs in the priority areas of education, financial stability, health and basic needs. Pledges and contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

The United Way allows donors to designate all or part of their contributions. Designations to specific not-for-profit organizations other than United Way are excluded from revenue and expense. Designations are included on the Statement of Financial Position within pledges receivable with related donor designations payable. The costs to generate and distribute designated pledges are recorded as fundraising expenses.

Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted pledges or contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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 property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2023 and 2022

(2) Summary of significant accounting policies (continued)

The United Way did not receive any donated services that are reflected in the financial statements for the years ended June 30, 2023 and 2022. A substantial number of volunteers have donated significant amounts of their time in the organization's governance, fund raising, fund distribution, and direct assistance program activities. No amounts have been included in the financial statements for these donated services based on accounting principles generally accepted in the United States of America.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award. Grants that are considered cost reimbursement grants are recognized in the period the related expense has been incurred. Grants that have an element of a fee for service are recorded as an exchange transaction, as described below.

Exchange transactions

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers Topic (606). This Agency has adopted this standard which supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance. Revenue is recognized ratably over the period that the service is provided, on a straight-line basis, in an amounts that reflects the consideration that Agency expects to be entitled to in exchange for those services. All the Agency's revenue from contracts with customers is from performance obligations satisfied over time.

Revenue from performance-based grants, where the revenue is based on units of service delivered, is recorded in the period that the Agency rendered the agreed-upon services and claimed the services for reimbursement.

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.

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, 2023 and 2022.

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.

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2023 and 2022

(2) Summary of significant accounting policies (continued)

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.

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.

Pledges Receivables

Pledge receivables are recorded at cost (original pledge), net of an estimate made for doubtful accounts based on historical data. Pledges are recorded when the donor makes a promise to give to the United Way that is, in substance, unconditional. Pledges are applied to the campaign years that are open during the period. Pledges received for a future campaign year are recorded as net assets with donor restrictions due to time restriction, and recognized as net assets released from restriction during the program year for which the funds were designated.

The Agency writes off the balance of the prior year campaign at year end, and keeps only the current year campaign balances open, less the provision for uncollectible pledges. 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.

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.

Right of Use ("ROU") Assets and Lease Liability

Right of Use (ROU) assets represents United Way's right to use the underlying assets for the lease term and lease liabilities represent the net present value of the United Way's obligation to make payments arising from these leases. The lease liabilities are based on the present value of fixed lease payments over the lease terms using its incremental borrowing rate on the lease commencement date. If the lease includes one or more options to extend the term of the lease, the renewal options is considered in the lease term if it is reasonably certain that the United Way will exercise the options. Operating lease expense is recognized on a straight-line basis over the term of the lease. As permitted by ASC 842, leases with an initial term of twelve months or less ("short-term leases") are not recorded on the accompanying statement of financial position.

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2023 and 2022

(2) 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.

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

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.

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2023 and 2022

(2) Summary of significant accounting policies (continued)

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. Designated pledges 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 amounts are pledged based on the campaign years that are in effect.

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, 2023 and 2022.

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.

Recently Adopted Accounting Guidance

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, "Leases" (Topic 842). Under the standard, an entity is required to recognize lease assets and lease liabilities on the statement of financial position. United Way implemented this ASU for the year ended June 30, 2023 using the modified retrospective method. The ASU also requires additional disclosure, both quantitative and qualitative, including pertinent information about the leasing arrangement, and the amount, timing, and uncertainty of cash flows arising from leases. United Way elected the exemption of short-term leases that are twelve months or less in addition to certain practical expedients permitted under the transition guidance. At implementation, a right-to-use lease asset and lease liability of \$153,776. There was not impact on net assets or change in net assets.

(3) Property and Equipment

Fixed assets consist of the following:

	<u>2023</u>	<u>2022</u>
Office Equipment	\$ 81,599	\$ 81,599
less accumulated depreciation	<u>81,466</u>	<u>81,011</u>
	<u>\$ 133</u>	<u>\$ 588</u>

Depreciation expense totaled \$455 and \$828 for the year ended June 30, 2023 and 2022, respectively.

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2023 and 2022

(4) Availability and Liquidity

The United Way has the following financial assets available as of June 30, 2023 and 2022.

	2023	2022
Financial assets at year end:		
Cash and cash equivalents	\$ 267,884	\$ 148,054
Pledges receivable, net	529,986	550,615
Investments	432,519	342,882
Beneficial interest in perpetual fund	86,249	81,647
	1,316,638	1,123,198
Less amounts allocated for the agencies	773,573	778,693
	543,065	344,505
Less amounts not available for general expenditure within one year:		
Beneficial interest in perpetual trust	67,426	67,426
Designated by the board for operating reserves	194,438	187,334
Financial assets not available to be used within one year:	261,864	254,760
Financial assets available to meet general expenditures over the next twelve months	\$ 281,201	\$ 89,745

The United Way board of directors has designated funds for operating reserves as detailed in note 7 below. For the year ended June 30, 2024, the board of directors has approved a budget showing approximately \$1.485 million in revenue and \$1.513 million in expenses.

(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 \$86,249 and \$81,647 as of June 30, 2023 and 2022, 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, 2023 and 2022

(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, 2023 and 2022, the United Way had \$3,435 and \$2,971 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, 2023 and 2022, \$250 and \$250 was donated to this fund from outside sources. Amounts paid out to the United Way during the years ended June 30, 2023 and 2022 totaled \$3,584 and \$2,971. The balance in this account as of June 30, 2023 and 2022 totaled \$98,068 and \$92,812, respectively. The estimate payout available to be distributed as of June 30, 2022 is \$3,904.

(6) Investments

The United Way's financial instruments consists of Vanguard mutual funds whose fair value was \$191,190 and \$177,504 as of June 30, 2023 and 2022 respectively. The United Way has also invested in common stock and short-term investments in money funds at Ameritrade, whose fair value was \$241,328 and \$165,378 as of June 30, 2023 and 2022, 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.

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2023 and 2022

(6) Investments (continued)

The following schedule summarizes the investments held at June 30, 2023 and 2022.

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:

	2023	2022
Beginning balance	\$ 81,647	\$ 97,893
Contributions received	0	0
Earnings	9,021	(12,528)
Grants	2,971	2,291
Fees paid	1,448	1,427
Ending balance	\$ 86,249	\$ 81,647

Investments held as of June 30, 2023 and 2022 consist of the following:

	Fair Value	Quoted Prices in Active Markets for Identical Assets Level 1	Level 2	Significant Unobservable Inputs Level 3
2023				
Vanguard Capital Development Fund-Mutual Funds	\$ 43,008	\$ 43,008	\$ 0	\$ 0
Vanguard Operating Reserves Fund-Mutual Funds	148,182	148,182	0	0
Securities held at Ameritrade	669	669	0	0
Ameritrade Money Funds	241,328	0	241,328	0
Beneficial interest held at Johnson County Community Foundation	86,249	0	0	86,249
Total	\$ 519,436	\$ 191,859	\$ 241,328	\$ 86,249

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2023 and 2022

(6) Investments(continued)

2022	Fair Value	Quoted Prices in Active Markets for Identical Assets Level 1	Level 2	Significant Unobservable Inputs Level 3
Vanguard Captial Development Fund-Mutual Funds	\$ 39,306	\$ 39,306	\$ 0	0
Vanguard Operating Reserves Fund-Mutual Funds	138,198	138,198	0	0
Securities held at Ameritrade	748	748	0	0
Ameritrade Money Funds	164,630	0	164,630	0
Beneficial interest held at Johnson County Community Foundation	81,647	0	0	81,647
Total	\$ 424,529	\$ 178,252	\$ 164,630	\$ 81,647

(7) Net Assets

Net assets consist of the following as of June 30, 2023 and 2022:

Net assets without donor restrictions

Net assets without donor restrictions consist of the following as of June 30, 2023 and 2022:

	2023	2022
Board designated		
Community Initiatives Fund	\$ 1,370	\$ 1,370
Fast Track	1,878	8,460
Operating Reserves Fund	148,182	138,198
Capital Development Fund	43,008	39,306
Total board designated	194,438	187,334
Without donor restrictions or designations	90,140	62,389
Total net assets without donor restrictions	\$ 284,578	\$ 249,723

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2023 and 2022

(7) Net Assets (continued)

Net assets with donor restrictions due to time or purpose

Net assets with donor restrictions due to time or purpose as of June 30, 2023 and 2022 consist of the following:

	2023	2022
Homeless Initiative	\$ 42,054	\$ 0
United IN22 Grant	129,931	0
Beneficial interest at Community Foundation	18,823	14,221
Reserve for Tornado Relief	20,759	0
Training from UnitedIN18 Grant	1,971	2,971
Training from UnitedIN20 Grant	13,404	13,404
Technology/IT	5,988	5,988
Time restriction for future campaigns	3,360	4,104
 Total net assets with donor restrictions of time or purpose	 \$ 236,290	 \$ 40,688

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

	2023	2022
Homeless Initiative	\$ 35,082	\$ 113,998
COVID-19	0	554,381
Tornado relief	2,714	0
UnitedIN18 Grant	0	5,348
UnitedIN20 Grant	1,000	0
UnitedIN22 Grant	0	0
Expiration of time restrictions	4,104	3,714
In-kind contribution for OBU	12,940	5,160
In-kind contribution for Christmas Angels	150,750	164,875
In-kind contribution for Fast Track	71,022	40,641
Helpline	3,000	3,000
 Total restrictions released	 \$ 280,612	 \$ 891,117

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2023 and 2022

(8) Campaign results by campaign year

Net campaign results by campaign year are as follows:

Year ended June 30, 2023	2023	2022	2021	Prior	Total
	<u>Campaign</u>	<u>Campaign</u>	<u>Campaign</u>	<u>Campaigns</u>	
Gross campaign results	\$ 3,360	\$ 1,169,579	\$ 71,944	\$ 1,940	\$ 1,246,823
Donor designations to member agencies	0	(39,813)	0	0	(39,813)
Donor designations to other agencies	0	(5,672)	0	0	(5,672)
(Provision for) Recovery of uncollectible pledges	0	(72,272)	37,997	0	(34,275)
Total	<u>\$ 3,360</u>	<u>\$ 1,051,822</u>	<u>\$ 109,941</u>	<u>\$ 1,940</u>	<u>\$ 1,167,063</u>
Year ended June 30, 2022	2022	2021	2020	Prior	Total
	<u>Campaign</u>	<u>Campaign</u>	<u>Campaign</u>	<u>Campaigns</u>	
Gross campaign results	\$ 4,104	\$ 1,113,751	\$ 48,996	\$ 2,514	\$ 1,169,365
Donor designations to member agencies	0	(40,832)	0	0	(40,832)
Donor designations to other agencies	0	(55,019)	0	0	(55,019)
(Provision for) Recovery of uncollectible pledges	0	(87,915)	48,019	0	(39,896)
Total	<u>\$ 4,104</u>	<u>\$ 929,984</u>	<u>\$ 97,015</u>	<u>\$ 2,514</u>	<u>\$ 1,033,618</u>

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 \$1,437,690 and \$1,423,544, respectively for the year ended June 30, 2023 and 2022.

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2023 and 2022

(9) Functional expenses

The breakdown of program expense by program for the years ended June 30, 2023 and 2022 which includes staff hours, in-kind donations and direct program expenses, is as follows:

	2023	2022
Community Impact	\$ 745,171	\$ 765,627
Homeless Initiative	279,132	226,733
COVID-19	0	623,161
CDBG	994	140
Tornado/Disaster relief	18,384	0
Operation Bundle Up	25,375	31,959
Economic Assistance Plan	34,903	40,718
Christmas Angels	171,467	179,423
Fast Track	90,579	41,193
Helpline	60,473	35,997
Day of Caring	17,951	7,711
Needs Assessment	0	269
Charity Tracker	2,676	3,097
Volunteers	8,133	8,642
EFSP	2,199	2,088
Other	59	1,632
Totals	\$ 1,457,496	\$ 1,968,390

(10) Operating leases

Beginning in September 2016, the United Way entered into a 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, 2023 and 2022, 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, 2024 through June 30, 2026.

United Way utilized a bank borrowing rate of 5% at lease inception for a 10 year fully collateralized loan to determine the net present value of the lease liability. The United Way has recognized a right of use lease asset of \$153,776 and a lease liability of \$153,776 on the statement of financial position as of June 30, 2023. The estimated rent to be recognized in 2024 is \$40,966, a portion represents amortization of the \$153,776 and a portion represents interest based on the 5% incremental rate.

The United Way also leases a digital copier at the rate of \$129 per month through April 2023. This lease was renewed for an additional sixty months. The 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, 2023 and 2022 was \$1,548 and \$1,548 and is included in printing and publications expense. Future minimum lease payments total \$1,701 for the years ended June 30, 2024 through June 30, 2028.

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2023 and 2022

(11) Payroll Protection Loan

The United Way received a Payroll Protection Program (PPP) Loan of \$54,360 in February 2021. United Way met all of the required obligations during the PPP forgiveness period, and the loan was forgiven during the year ended June 30, 2022.

(12) Grants/COVID-19

The United Way was 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. The grant period ran through July 2021. Amounts recognized under this grant totaled \$819,747 for the year ended June 30, 2022. In addition, the Indiana United Ways awarded the United Way \$474,822 (Wave 2). Amounts received under this grant during the year ended June 30, 2022 was \$166,188. Wave 2 funds were expended by December 31, 2021.

The United Way had 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, 2023 and 2022 were \$0 and \$599,742, while indirect expenses allocated toward COVID-19 programming totaled \$0 and \$23,419.

During the year ended June 30, 2023, The United Way was awarded a grant through the Indiana United Ways, under an IN22 grant totaling \$145,195. These funds are to be used for the following purposes:

	Awarded	Funded
Financial Assistance for NPTCH from UnitedIN22Grant	\$ 50,000	\$ 50,000
Office Space for NPTCH from UnitedIN22Grant	11,512	11,512
Coordination for NPTCH from UnitedIN22Grant	28,000	28,000
Rebuilding Client Base from UnitedIN22 Grant	5,756	5,756
Tutoring from UnitedIN22 Grant	41,163	25,899
Technology Needs from UnitedIN22 Grant	8,764	8,764
	\$ 145,195	\$ 129,931

Under the Tutoring portion of this grant, \$15,264 had not been funded as of June 30, 2023. A portion of this grant must be spent by April 2024.

During the year ended June 30, 2023, United Way was awarded \$23,473 to assist residents of Johnson County that were affected by tornado damage. As of June 30, 2023, \$2,714 of this grant was used for assistance. The remaining \$20,759 is included in net assets with donor restrictions due to time or purpose. In July 2023, an additional \$50,000 of funds related to tornado relief was received from the Indiana United Ways.

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2023 and 2022

(12) 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 \$13,777 and \$13,502 for the years ended June 30, 2023 and 2022, respectively.

(13) Donated materials and services

For Christmas Angels program, for the years ended June 30, 2023 and 2022, the United Way recognized \$150,750 and \$164,875 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 \$12,940 and \$16,640 in donated goods is reflected in the financial statements for the years ended June 30, 2023 and 2022, respectively, for coats that were collected, cleaned and distributed to those who may otherwise be without a winter coat.

Fast Track school supplies totaling \$57,837 and \$40,641 is reflected in the financial statements for the year ended June 30, 2023 and 2022, respectively, for noncash contributions given out by that program.

(14) Subsequent events

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