



United Way of Johnson County

Independent Auditor's Report
and Financial Statements for

United Way of Johnson County, Inc.

June 30, 2024 and 2023

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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, 2024 and 2023, 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, 2024 and 2023, 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, 2024 and 2023, 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 2023 financial statements, and our report dated December 7, 2023, 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, 2023, 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, 2024

UNITED WAY OF JOHNSON COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 108,462	\$ 267,884
Cash equivalents held at brokerage	270,852	240,659
Investments	218,127	191,859
Pledges receivable-current campaign, net of allowance	547,249	529,986
Prepaid expense	79,784	71,022
	<u>1,224,474</u>	<u>1,301,410</u>
TOTAL CURRENT ASSETS		
NON-CURRENT ASSETS		
Office equipment, net of depreciation	0	133
Right of Use asset, net of amortization	78,765	119,731
Beneficial interest in assets held by Community Foundation	94,919	86,249
	<u>173,684</u>	<u>206,113</u>
TOTAL NON-CURRENT ASSETS		
TOTAL ASSETS	\$ 1,398,158	\$ 1,507,523
	<u>2024</u>	<u>2023</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accrued expenses	\$ 24,162	\$ 20,252
Allocations payable	781,119	773,573
Designations payable-current campaign	5,166	5,672
Designations payable-prior year campaign	3,063	0
	<u>813,510</u>	<u>799,497</u>
TOTAL CURRENT LIABILITIES		
LONG TERM LIABILITIES		
Accrued rent liability	78,765	119,731
	<u>78,765</u>	<u>119,731</u>
TOTAL LONG TERM LIABILITIES		
TOTAL LIABILITIES	892,275	919,228
NET ASSETS		
Without donor restrictions		
Designated by the board	231,048	194,438
Available for operations	153,409	90,141
Total net assets without donor restrictions	<u>384,457</u>	<u>284,579</u>
With donor restrictions		
Restrictions due to time or purpose	54,001	236,290
Restrictions in perpetuity	67,426	67,426
Total net assets with donor restrictions	<u>121,427</u>	<u>303,716</u>
TOTAL NET ASSETS	505,884	588,295
TOTAL LIABILITIES AND NET ASSETS	\$ 1,398,159	\$ 1,507,523

See accompanying notes and independent auditor's report.

UNITED WAY OF JOHNSON COUNTY, INC.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2024 and with comparative totals for 2023

	2024				2023
	Without Donor Restriction	With Donor Restrictions Time or Purpose	Perpetuity	Total	Total including Restrictions
SUPPORT AND REVENUE					
Support					
Gross campaign results	\$ 1,230,414	\$ 2,393	\$ 0	\$ 1,232,806	\$ 1,246,823
Donor designations to member agencies	(33,746)	0	0	(33,746)	(39,813)
Donor designations to other agencies	(3,779)	0	0	(3,779)	(5,672)
Provision for uncollectible pledges	(37,169)	0	0	(37,169)	(34,275)
Net campaign results	<u>1,155,720</u>	<u>2,393</u>	<u>0</u>	<u>1,158,113</u>	<u>1,167,063</u>
Revenue					
Designations from other United Ways	220,579	0	0	220,579	219,094
Grants	0	43,292	0	43,292	238,142
Other contributions	89,986	0	0	89,986	44,451
Campaign related events	9,597	0	0	9,597	7,594
In-kind contributions	0	230,664	0	230,664	234,712
Investment income	7,705	0	0	7,705	5,312
Unrealized gains (losses) on investments	32,722	0	0	32,722	14,090
Received from Community Foundation	3,904	0	0	3,904	6,555
Other income	<u>165</u>	<u>0</u>	<u>0</u>	<u>165</u>	<u>1,439</u>
Total revenue	<u>364,658</u>	<u>273,955</u>	<u>0</u>	<u>638,615</u>	<u>771,389</u>
Total Support and Revenue	1,520,379	276,349	0	1,796,728	1,938,451
Other revenue					
Net assets released from restrictions	<u>458,638</u>	<u>(458,638)</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL SUPPORT AND REVENUE	<u>1,979,017</u>	<u>(182,289)</u>	<u>0</u>	<u>1,796,728</u>	<u>1,938,451</u>
EXPENSES					
Program services					
Gross distributions	765,513	0	0	765,513	737,550
Special project distributions	44,420	0	0	44,420	34,837
Donor designations to member agencies	(33,746)	0	0	(33,746)	(39,813)
Donor designations to other agencies	(3,779)	0	0	(3,779)	(5,672)
Net funds distributed	<u>772,408</u>	<u>0</u>	<u>0</u>	<u>772,408</u>	<u>726,902</u>
Homeless Initiative Program	243,177	0	0	243,177	250,517
COVID-19 Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net supporting expenses	1,015,585	0	0	1,015,585	977,419
Noncash items distributed	230,664	0	0	230,664	234,712
Other program services	<u>348,796</u>	<u>0</u>	<u>0</u>	<u>348,796</u>	<u>245,365</u>
Total Program Services	1,595,045	0	0	1,595,045	1,457,496
Management and general	125,856	0	0	125,856	107,521
Fundraising	145,030	0	0	145,030	111,071
Unallocated United Way Worldwide dues	<u>13,208</u>	<u>0</u>	<u>0</u>	<u>13,208</u>	<u>20,425</u>
TOTAL EXPENSES	<u>1,879,139</u>	<u>0</u>	<u>0</u>	<u>1,879,140</u>	<u>1,696,513</u>
CHANGE IN NET ASSETS	99,878	(182,289)	0	(82,411)	241,938
NET ASSETS, BEGINNING	<u>284,579</u>	<u>236,290</u>	<u>67,426</u>	<u>588,295</u>	<u>346,357</u>
NET ASSETS, ENDING	<u>\$ 384,457</u>	<u>\$ 54,001</u>	<u>\$ 67,426</u>	<u>505,884</u>	<u>\$ 588,295</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, 2024 with comparative totals for 2023

	Years Ended June 30					2023
	Program Services	Management & General	Fundraising	Unallocated UWW Dues	Total Expenses	Total (Memo Only)
Gross Distributions	\$ 765,513	\$ 0	\$ 0	\$ 0	\$ 765,513	\$ 737,550
Special Project distributions	44,420	0	0	0	44,420	34,837
Donor designations to member agencies	(33,746)	0	0	0	(33,746)	(39,813)
Donor designations to other agencies	(3,779)	0	0	0	(3,779)	(5,672)
Net Funds distributed	772,408	0	0	0	772,408	726,902
Homeless Initiative expenses	243,177	0	0	0	243,177	250,517
Net Supporting expenses	1,015,585	0	0	0	1,015,585	977,419
Noncash items distributed	230,664	0	0	0	230,664	234,712
Salaries, wages, and consulting	140,988	50,108	65,742	0	256,838	188,418
Payroll taxes and benefits	32,162	16,542	19,146	0	67,850	56,961
Total personnel	173,150	66,650	84,888	0	324,688	245,379
Program expenses	102,276	0	0	0	102,276	40,923
Accounting and professional fees	13,489	14,381	3,724	0	31,594	27,271
Fees charged by other United Ways	0	0	16,311	0	16,311	18,546
Rent	17,309	10,730	6,248	0	34,287	31,104
Marketing	4,816	957	8,372	0	14,145	8,899
Printing and publications	1,794	948	10,238	0	12,980	21,712
Office expense	3,492	1,604	3,917	0	9,013	7,988
Travel	571	153	1,572	0	2,296	1,689
Telephone	2,224	1,379	803	0	4,406	4,227
Computer supplies and maintenance	16,112	5,331	4,876	0	26,319	17,349
Insurance	4,628	920	1,278	0	6,826	6,651
Food, meetings and conferences	1,947	21,879	722	0	24,548	23,427
Dues and subscriptions	4,737	942	1,308	0	6,987	5,526
Depreciation	67	42	24	0	133	455
Miscellaneous	2,184	(60)	749	0	2,873	2,811
Subtotal	348,796	125,856	145,030	0	619,682	463,957
United Way Worldwide Dues	0	0	0	13,208	13,208	20,425
Total functional expenses	\$ 1,595,045	\$ 125,856	\$ 145,030	\$ 13,208	\$ 1,879,140	\$ 1,696,513

See accompanying notes and independent auditor's report.

UNITED WAY OF JOHNSON COUNTY, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from campaign	\$ 1,361,429	\$ 1,406,785
Cash received from grants and contributions	133,278	282,593
Cash received from other sources	13,666	15,587
Investment income	364	1,068
Cash paid to vendors and employees	<u>(1,637,966)</u>	<u>(1,510,219)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(129,229)</u>	<u>195,814</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
NET CASH USED IN INVESTING ACTIVITIES	<u>0</u>	<u>0</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	<u>(129,229)</u>	<u>195,814</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>508,543</u>	<u>312,729</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 379,314</u></u>	<u><u>\$ 508,543</u></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, 2024 and 2023

(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, 2024 and 2023

(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, 2024 and 2023

(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, 2024 and 2023. 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, 2024 and 2023.

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, 2024 and 2023

(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, 2024 and 2023

(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, 2024 and 2023

(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, 2024 and 2023.

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:

	2024	2023
Office Equipment	\$ 81,602	\$ 81,599
less accumulated depreciation	81,602	81,466
	<u>\$ -</u>	<u>\$ 133</u>

Depreciation expense totaled \$133 and \$455 for the year ended June 30, 2024 and 2023, respectively.

UNITED WAY OF JOHNSON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2024 and 2023

(4) Availability and Liquidity

The United Way has the following financial assets available as of June 30, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 108,462	\$ 267,884
Cash equivalents held at brokerage	270,852	240,659
Pledges receivable, net	547,249	529,986
Investments	218,127	191,859
Beneficial interest in perpetual fund	94,919	86,249
	<u>1,239,609</u>	<u>1,316,637</u>
Less amounts allocated for the agencies	<u>781,119</u>	<u>773,573</u>
	<u>458,490</u>	<u>543,064</u>
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	<u>231,048</u>	<u>194,438</u>
Financial assets not available to be used within one year:	<u>298,474</u>	<u>261,864</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 160,016</u>	<u>\$ 281,200</u>

The United Way board of directors has designated funds for operating reserves as detailed in note 7 below. For the year ended June 30, 2025, the board of directors has approved a budget showing approximately \$1.7 million in revenue and \$1.7 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 \$94,919 and \$86,249 as of June 30, 2024 and 2023, 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, 2024 and 2023

(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, 2024 and 2023, the United Way had \$3,519 and \$3,435 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, 2024 and 2023, \$0 and \$250 was donated to this fund from outside sources. Amounts paid out to the United Way during the years ended June 30, 2024 and 2023 totaled \$3,904 and \$3,584. The balance in this account as of June 30, 2024 and 2023 totaled \$107,927 and \$98,068, respectively. The estimate payout available to be distributed as of June 30, 2024 is \$3,999.

(6) Investments

The United Way's financial instruments consists of Vanguard mutual funds whose fair value was \$217,508 and \$191,190 as of June 30, 2024 and 2023 respectively. The United Way has also invested in common stock and short-term investments in money funds at Charles Schwab (formerly Ameritrade), whose fair value was \$271,471 and \$241,328 as of June 30, 2024 and 2023, 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, 2024 and 2023

(6) Investments (continued)

The following schedule summarizes the investments held at June 30, 2024 and 2023.

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:

	2024	2023
Beginning balance	\$ 86,249	\$ 81,647
Contributions received	0	0
Earnings	13,792	9,021
Grants	3,435	2,971
Fees paid	1,687	1,448
Ending balance	<u>\$ 94,919</u>	<u>\$ 86,249</u>

Investments held as of June 30, 2024 and 2023 consist of the following:

2024	Fair Value	Quoted Prices in Active Markets for Identical Assets Level 1	Level 2	Significant Unobservable Inputs Level 3
Vanguard Capital Development Fund- Mutual Funds	\$ 49,105	\$ 49,105	\$ 0	\$ 0
Vanguard Operating Reserves Fund- Mutual Funds	168,403	168,403	0	0
Securities held at Schwab (formerly Ameritrade)	<u>619</u>	<u>619</u>	<u>0</u>	<u>0</u>
Total investments	218,127	218,127	0	0
Beneficial interest held at Johnson County Community Foundation	<u>94,919</u>	<u>0</u>	<u>0</u>	<u>94,919</u>
Total	<u>\$ 313,046</u>	<u>\$ 218,127</u>	<u>\$ 0</u>	<u>\$ 94,919</u>

UNITED WAY OF JOHNSON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2024 and 2023

(6) Investments(continued)

2023	Fair Value	Quoted Prices in Active Markets for Identical Assets Level 1	Level 2	Significant Unobservable Inputs Level 3
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
Total investments held	191,859	191,859	0	0
Beneficial interest held at Johnson County Community Foundation	86,249	0	0	86,249
Total	\$ 278,108	\$ 191,859	\$ 0	\$ 86,249

(7) Net Assets

Net assets consist of the following as of June 30, 2024 and 2023:

Net assets without donor restrictions

Net assets without donor restrictions consist of the following as of June 30, 2024 and 2023:

	2024	2023
Board designated		
Community Initiatives Fund	\$ 1,370	\$ 1,370
Fast Track	12,170	1,878
Operating Reserves Fund	168,403	148,182
Capital Development Fund	49,105	43,008
Total board designated	231,048	194,438
Without donor restrictions or designations	153,409	90,141
Total net assets without donor restrictions	\$ 384,457	\$ 284,579

UNITED WAY OF JOHNSON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2024 and 2023

(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, 2024 and 2023 consist of the following:

	2024	2023
Homeless Initiative	\$ 0	\$ 42,054
United IN22 Grant	5,756	129,931
Beneficial interest at Community Foundation	27,493	18,823
Reserve for Tornado Relief	0	20,759
Training from UnitedIN18 Grant	0	1,971
Training from UnitedIN20 Grant	12,371	13,404
Technology/IT	5,988	5,988
Time restriction for future campaigns	2,393	3,360
Total net assets with donor restrictions of time or purpose	\$ 54,001	\$ 236,290

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

	2024	2023
Homeless Initiative	\$ 58,412	\$ 35,082
Tornado relief	20,759	2,714
UnitedIN18 Grant	0	0
UnitedIN20 Grant	3,004	1,000
UnitedIN22 Grant	139,439	0
Expiration of time restrictions	3,360	3,714
In-kind contribution for OBU	6,330	12,940
In-kind contribution for Christmas Angels	168,375	150,750
In-kind contribution for Fast Track	55,959	71,022
Helpline	3,000	3,000
Total restrictions released	\$ 458,638	\$ 280,222

UNITED WAY OF JOHNSON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2024 and 2023

(8) Campaign results by campaign year

Net campaign results by campaign year are as follows:

Year ended June 30, 2024	2024 Campaign	2023 Campaign	2022 Campaign	Prior Campaigns	Total
Gross campaign results	\$ 2,393	\$ 1,183,585	\$ 46,015	\$ 814	\$ 1,232,806
Donor designations to member agencies	0	(33,746)	0	0	(33,746)
Donor designations to other agencies	0	(3,779)	0	0	(3,779)
(Provision for) Recovery of uncollectible pledges	0	(54,734)	17,565	0	(37,169)
Total	<u>\$ 2,393</u>	<u>\$ 1,091,326</u>	<u>\$ 63,581</u>	<u>\$ 814</u>	<u>\$ 1,158,113</u>
Year ended June 30, 2023	2023 Campaign	2022 Campaign	2021 Campaign	Prior Campaigns	Total
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>

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 \$1,475,432 and \$1,437,690, respectively for the year ended June 30, 2024 and 2023.

UNITED WAY OF JOHNSON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2024 and 2023

(9) Functional expenses

The breakdown of program expense by program for the years ended June 30, 2024 and 2023 which includes staff hours, in-kind donations and direct program expenses, is as follows:

	2024	2023
Community Impact	\$ 748,249	\$ 745,171
Homeless Initiative	350,373	279,132
CDBG	0	994
Tornado/Disaster relief	6,134	18,384
Operation Bundle Up	12,399	25,375
Economic Assistance Plan	44,708	34,903
Christmas Angels	206,486	171,467
Fast Track	110,591	90,579
Helpline	64,215	60,473
Day of Caring	35,212	17,951
Charity Tracker	3,199	2,676
Volunteers	10,630	8,133
EFSP	2,323	2,199
Other	526	59
	<hr/>	<hr/>
Totals	\$ <u>1,595,045</u>	\$ <u>1,457,496</u>

(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, 2024 and 2023, respectively. Future minimum lease payments under this lease for each of the next two years is \$40,966, annually, for the years ended June 30, 2025 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 payments for rent for the year ended June 30, 2024 were reclassified as \$36,392 of depreciation and \$4,574 representing interest.

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, 2024 and 2023 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, 2025 through June 30, 2028.

UNITED WAY OF JOHNSON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2024 and 2023

(11) Grants

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:

	<u>Awarded</u>	<u>Funded</u>
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	41,163
Technology Needs from UnitedIN22 Grant	<u>8,764</u>	<u>8,764</u>
	<u>\$ 145,195</u>	<u>\$ 145,195</u>

The funds that were used during the year ended June 30, 2024 totaled \$139,439. As noted in Note 7 above, \$5,756 remains to be spent on this grant.

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, 2024 and 2023, \$3,572 and \$2,714 of this grant was used for assistance. The remaining amount is included in net assets with donor restrictions due to time or purpose. In July 2023, an additional funding of \$50,000, related to tornado relief, was received from the Indiana United Ways. These funds were returned to the Indiana United Ways in June 2024.

(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 \$13,006 and \$13,777 for the years ended June 30, 2024 and 2023, respectively.

(13) Donated materials and services

For Christmas Angels program, for the years ended June 30, 2024 and 2023, the United Way recognized \$168,375 and \$150,750 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 \$6,330 and \$12,940 in donated goods is reflected in the financial statements for the years ended June 30, 2024 and 2023, respectively, for coats that were collected, cleaned and distributed to those who may otherwise be without a winter coat.

Fast Track school supplies totaling \$55,958 and \$57,837 is reflected in the financial statements for the year ended June 30, 2024 and 2023, 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.