



United Way of Johnson County

Financial Statements

Years Ended June 30, 2021 and 2020

UNITED WAY OF JOHNSON COUNTY, INC.

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Humphrey CPA Group, L.L.C.

Humphreycpa@gmail.com

5915 S. Emerson Avenue, Ste 400
Indianapolis, IN 46237

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of United Way of Johnson County, Inc. (United Way) which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the United Way's financial statements for the year ended June 30, 2020 and we expressed an unmodified opinion on the financial statements dated December 3, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, 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 2, 2021

UNITED WAY OF JOHNSON COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 256,667	\$ 176,249
Cash equivalents held at brokerage	688,193	1,081,746
Investments	175,023	165,096
Pledges receivable-current campaign	426,619	522,868
Pledges receivable-prior campaign, net of allowance	341	7,702
Prepaid expense	39,945	79,345
TOTAL CURRENT ASSETS	1,586,788	2,033,006
NON-CURRENT ASSETS		
Office equipment, net of depreciation	1,416	3,238
Beneficial interest in assets held by Community Foundation	97,893	79,289
TOTAL NON-CURRENT ASSETS	99,309	82,527
TOTAL ASSETS	\$ 1,686,097	\$ 2,115,533
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accrued expenses	\$ 19,501	\$ 19,411
Allocations payable	807,303	806,464
Designations payable-current campaign	34,112	39,161
Payroll Protection Program Loan	54,360	54,361
TOTAL CURRENT LIABILITIES	915,276	919,397
NET ASSETS		
Without donor restrictions		
Designated by the board	183,973	185,568
Available for operations	11,360	13,145
Total net assets without donor restrictions	195,333	198,713
With donor restrictions		
Restrictions due to time or purpose	508,062	929,997
Restrictions in perpetuity	67,426	67,426
Total net assets with donor restrictions	575,488	997,423
TOTAL NET ASSETS	770,821	1,196,136
TOTAL LIABILITIES AND NET ASSETS	\$ 1,686,097	\$ 2,115,533

See accompanying notes and independent auditor's report.

UNITED WAY OF JOHNSON COUNTY, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2021 and 2020 (Comparative purposes only)

	2021				2020
	Without Donor	With Donor Restrictions		Total	Total including
	Restriction	Time or Purpose	Perpetuity		
SUPPORT AND REVENUE					
Support					
Gross campaign results	\$ 1,128,191	\$ 3,714	\$ 0	\$ 1,131,905	\$ 1,234,617
Donor designations to member agencies	(74,227)	0	0	(74,227)	(61,463)
Donor designations to other agencies	(55,167)	0	0	(55,167)	(40,487)
Provision for uncollectible pledges	(77,201)	0	0	(77,201)	(98,615)
Net campaign results	<u>921,596</u>	<u>3,714</u>	<u>0</u>	<u>925,310</u>	<u>1,034,052</u>
Revenue					
Designations from other United Ways	204,926	0	0	204,926	169,336
Grants	0	551,713	0	551,713	996,989
Administrative fees	50,500	0	0	50,500	0
Payroll protection program loan forgiven	54,361	0	0	54,361	0
Other contributions	49,706	0	0	49,706	53,985
Campaign related events	521	0	0	521	3,203
In-kind contributions	0	161,548	0	161,548	209,270
Investment income	3,366	0	0	3,366	3,758
Unrealized gains (losses) on investments	27,697	0	0	27,697	13,189
Received from Community Foundation	3,898	0	0	3,898	1,522
Other income	8,635	0	0	8,635	8,634
Total revenue	<u>403,610</u>	<u>713,261</u>	<u>0</u>	<u>1,116,871</u>	<u>1,459,886</u>
Total Support and Revenue	1,325,206	716,975	0	2,042,181	2,493,938
Other revenue					
Net assets released from restrictions	<u>1,138,910</u>	<u>(1,138,910)</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL SUPPORT AND REVENUE	<u>2,464,116</u>	<u>(421,935)</u>	<u>0</u>	<u>2,042,181</u>	<u>2,493,938</u>
EXPENSES					
Program services					
Gross distributions	880,518	0	0	880,518	868,172
Special project distributions	44,420	0	0	44,420	44,417
Donor designations to member agencies	(74,227)	0	0	(74,227)	(61,463)
Donor designations to other agencies	(55,167)	0	0	(55,167)	(40,487)
Net funds distributed	<u>795,544</u>	<u>0</u>	<u>0</u>	<u>795,544</u>	<u>810,639</u>
Homeless Initiative Program	149,096	0	0	149,096	203,784
COVID-19 Expenses	906,071	0	0	906,071	124,622
Net supporting expenses	1,850,711	0	0	1,850,711	1,139,045
Noncash items distributed	161,548	0	0	161,548	209,270
Other program services	251,003	0	0	251,003	216,818
Total Program Services	<u>2,263,262</u>	<u>0</u>	<u>0</u>	<u>2,263,262</u>	<u>1,565,133</u>
Management and general	115,553	0	0	115,553	128,600
Fundraising	68,208	0	0	68,208	101,989
Unallocated United Way Worldwide dues	20,473	0	0	20,473	14,189
TOTAL EXPENSES	<u>2,467,496</u>	<u>0</u>	<u>0</u>	<u>2,467,496</u>	<u>1,809,911</u>
CHANGE IN NET ASSETS	(3,380)	(421,935)	0	(425,315)	684,027
NET ASSETS, BEGINNING	<u>198,713</u>	<u>929,997</u>	<u>67,426</u>	<u>1,196,136</u>	<u>512,109</u>
NET ASSETS, ENDING	<u>\$ 195,333</u>	<u>\$ 508,062</u>	<u>\$ 67,426</u>	<u>770,821</u>	<u>\$ 1,196,136</u>

See accompanying notes and independent auditor's report.

UNITED WAY OF JOHNSON COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2021 and 2020 (Comparative purposes only)

	2021				2020	
	Program Services	Management & General	Fundraising	Unallocated UWW Dues	Total Expenses	Total (Memo Only)
Gross Distributions	\$ 880,518	\$ 0	\$ 0	\$ 0	\$ 880,518	\$ 868,172
Special Project distributions	44,420	0	0	0	44,420	44,417
Donor designations to member agencies	(74,227)	0	0	0	(74,227)	(61,463)
Donor designations to other agencies	(55,167)	0	0	0	(55,167)	(40,487)
Net Funds distributed	795,544	0	0	0	795,544	810,639
Homeless Initiative expenses	149,096	0	0	0	149,096	203,784
COVID 19 expenses	906,071	0	0	0	906,071	124,622
Net Supporting expenses	1,850,711	0	0	0	1,850,711	1,139,045
Noncash items distributed	161,548	0	0	0	161,548	209,270
Salaries, wages, and consulting	101,058	57,797	27,860	0	186,715	212,177
Payroll taxes and benefits	15,702	2,703	3,464	0	21,869	47,738
Total personnel	116,760	60,500	31,324	0	208,584	259,915
Program expenses	91,863	0	0	0	91,863	25,771
Accounting and professional fees	7,233	13,608	2,090	0	22,931	24,418
Fees charged by other United Ways	0	0	12,375	0	12,375	15,349
Rent	10,619	14,611	4,060	0	29,290	35,080
Marketing	2,375	1,628	6,101	0	10,104	10,601
Printing and publications	1,213	1,626	3,429	0	6,268	7,561
Office expense	1,871	1,909	2,981	0	6,761	6,204
Travel	29	15	220	0	264	1,098
Telephone	1,987	1,737	484	0	4,208	4,607
Equipment purchases and maintenance	9,656	7,381	2,893	0	19,930	27,782
Insurance	2,860	1,960	826	0	5,646	5,882
Food, meetings and conferences	1,170	7,914	447	0	9,531	14,268
Dues and subscriptions	2,355	1,613	680	0	4,648	5,510
Depreciation	569	784	218	0	1,571	1,856
Miscellaneous	443	267	80	0	790	1,505
Subtotal	251,003	115,553	68,208	0	434,764	447,407
United Way Worldwide Dues	0	0	0	20,473	20,473	14,189
Total functional expenses	\$ 2,263,262	\$ 115,553	\$ 68,208	\$ 20,473	\$ 2,467,496	\$ 1,809,911

See accompanying notes and independent auditor's report.

UNITED WAY OF JOHNSON COUNTY, INC.

STATEMENTS OF CASH FLOWS For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from campaign	\$ 1,289,490	\$ 1,357,895
Cash received from grants and contributions	601,419	1,050,974
Cash received from other sources	63,555	13,359
Investment income	3,366	3,758
Cash paid to vendors and employees	<u>(2,269,097)</u>	<u>(1,595,862)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(311,267)</u>	<u>830,124</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds (purchases) of cash equivalents fund	<u>337,324</u>	<u>(933,762)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>337,324</u>	<u>(933,762)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Payroll Protection loan	<u>54,360</u>	<u>54,361</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>54,360</u>	<u>54,361</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	80,417	(49,277)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>176,249</u>	<u>225,527</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 256,666</u>	<u>\$ 176,250</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, 2021 and 2020

(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, 2021 and 2020

(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

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. 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 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.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

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

Accounting standards adopted

The Agency 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 Agency's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way that the Agency recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers Topic (606). This ASU, which the Agency has adopted in the year ended June 30, 2021, supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance. The core principles of the guidance are that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled, in exchange for those goods or services.

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2021 and 2020

(2) Summary of significant accounting policies (continued)

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, 2021 and 2020.

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.

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.

Support, Revenue and Pledges Receivable

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

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

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

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2021 and 2020

(2) Summary of significant accounting policies (continued)

Support, Revenue and Pledges Receivables(continued)

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.

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.

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.

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.

Contributed services

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

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2021 and 2020

(2) Summary of significant accounting policies (continued)

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.

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.

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, 2021 and 2020.

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.

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2021 and 2020

(3) Property and Equipment

Fixed assets consist of the following:

	2021	2020
Office Equipment	\$ 81,599	\$ 81,599
less accumulated depreciation	80,183	78,361
	\$ 1,416	\$ 3,238

Depreciation expense totaled \$1,822 and \$2,036 for the year ended June 30, 2021 and 2020, respectively.

(4) Availability and Liquidity

The United Way has the following financial assets available as of June 30, 2021 and 2020.

	2021	2020
Financial assets at year end:		
Cash and cash equivalents	\$ 256,667	\$ 176,249
Pledges receivable, net	426,960	530,570
Investments	863,217	1,246,842
Beneficial interest in perpetual fund	97,893	79,289
	1,644,737	2,032,950
Less amounts allocated for the agencies	807,303	806,464
	837,434	1,226,486
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	183,973	185,568
Financial assets not available to be used within one year:	251,399	252,994
Financial assets available to meet general expenditures over the next twelve months	\$ 586,035	\$ 973,492

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

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2021 and 2020

(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 \$97,893 and \$79,289 as of June 30, 2021 and 2020, 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.

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, 2021 and 2020, the United Way had \$2,291 and \$3,898 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, 2021 and 2020, \$0 and \$9,634 was donated to this fund from outside sources. Amounts paid out to the United Way during the years ended June 30, 2021 and 2020 totaled \$2,098 and \$1,522. The balance in this account as of June 30, 2021 and 2020 totaled \$111,248 and \$90,159, respectively.

(6) Investments

The United Way's financial instruments consists of Vanguard mutual funds whose fair value was \$165,096 and \$156,805 as of June 30, 2021 and 2020 respectively. The United Way has also invested in common stock and short-term investments in money funds at Ameritrade, whose fair value was \$1,081,747 and \$188,867 as of June 30, 2021 and 2020, 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, 2021 and 2020

(6) Investments (continued)

The following schedule summarizes the investments held at June 30, 2021 and 2020.

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

		<u>2021</u>		<u>2020</u>
Beginning balance	\$	79,289	\$	62,259
Contributions received		0		19,068
Earnings		21,792		673
Grants		1,800		1,614
Fees paid		<u>1,388</u>		<u>1,097</u>
Ending balance	\$	<u><u>97,893</u></u>	\$	<u><u>79,289</u></u>

Investments held as of June 30, 2021 and 2020 consist of the following:

		Fair Value	Quoted Prices in Active Markets for Identical Assets Level 1	Level 2	Significant Unobservable Inputs Level 3
<u>2021</u>					
Vanguard Capital Development Fund-Mutual Funds	\$	44,601	\$ 44,601	\$ 0	\$ 0
Vanguard Operating Reserves Fund-Mutual Funds		129,231	129,231	0	0
Securities held at Ameritrade		1,192	1,192	0	0
Ameritrade Money Funds		688,193	0	688,193	0
Beneficial interest held at Johnson County Community Foundation		<u>97,893</u>	<u>0</u>	<u>0</u>	<u>97,893</u>
Total	\$	<u><u>961,110</u></u>	\$ <u><u>175,024</u></u>	\$ <u><u>688,193</u></u>	\$ <u><u>97,893</u></u>

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2021 and 2020

(6) Investments(continued)

2020	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	\$ 37,272	\$ 37,272	\$ 0	0
Vanguard Operating Reserves Fund-Mutual Funds	127,824	127,824	0	0
Securities held at Ameritrade	0	0	0	0
Ameritrade Money Funds	1,081,747	0	1,081,747	0
Beneficial interest held at Johnson County Community Foundation	79,289	0	0	79,289
Total	\$ 1,326,132	\$ 165,096	\$ 1,081,747	\$ 79,289

(7) Net Assets

Net assets consist of the following as of June 30, 2021 and 2020:

Net assets without donor restrictions

Net assets without donor restrictions consist of the following as of June 30, 2021 and 2020:

	2021	2020
Board designated		
Community Initiatives Fund	\$ 1,370	\$ 1,370
Fast Track	8,771	19,102
Operating Reserves Fund	129,231	127,824
Capital Development Fund	44,601	37,272
Total board designated	183,973	185,568
Without donor restrictions or designations	11,360	13,145
Total net assets without donor restrictions	\$ 195,333	\$ 198,713

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2021 and 2020

(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, 2021 and 2020 consist of the following:

	2021	2020
Homeless Initiative	\$ 57,977	\$ 10,208
COVID-19	388,193	867,218
Beneficial interest at Community Foundation	30,467	11,863
Impact Position from UnitedIN18	6,330	25,723
Training from UnitedIN18 Grant	3,989	8,908
Training from UnitedIN20 Grant	13,404	0
Technology/IT	3,988	0
Time restriction for future campaigns	3,714	6,077
 Total net assets with donor restrictions of time or purpose	 \$ 508,062	 \$ 929,997

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

	2021	2020
No Place to Call Home	\$ 89,287	\$ 93,080
COVID-19	755,809	92,670
CDBG	94,500	0
UnitedIN18 Grant	25,151	36,336
UnitedIN20 Grant	3,538	0
Expiration of time restrictions	6,077	6,681
In-kind contribution for OBU	5,040	14,500
In-kind contribution for Christmas Angels	128,600	139,900
In-kind contribution for Fast Track	27,908	54,870
Helpline	3,000	3,000
Community Foundation	0	12,800
 Total restrictions released	 \$ 1,138,910	 \$ 453,837

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2021 and 2020

(8) Campaign results by campaign year

Net campaign results by campaign year are as follows:

Year ended June 30, 2021	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>Prior</u>	<u>Total</u>
	<u>Campaign</u>	<u>Campaign</u>	<u>Campaign</u>	<u>Campaigns</u>	
Gross campaign results	\$ 3,714	\$ 1,101,113	\$ 26,744	\$ 334	\$ 1,131,905
Donor designations to member agencies	0	(74,227)	0	0	(74,227)
Donor designations to other agencies	0	(55,167)	0	0	(55,167)
(Provision for) Recovery of uncollectible pledges	<u>0</u>	<u>(99,328)</u>	<u>22,127</u>	<u>0</u>	<u>(77,201)</u>
Total	<u>\$ 3,714</u>	<u>\$ 872,391</u>	<u>\$ 48,871</u>	<u>\$ 334</u>	<u>\$ 925,310</u>
Year ended June 30, 2020	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>Prior</u>	<u>Total</u>
	<u>Campaign</u>	<u>Campaign</u>	<u>Campaign</u>	<u>Campaigns</u>	
Gross campaign results	\$ 6,077	\$ 1,172,864	\$ 48,116	\$ 7,560	\$ 1,234,617
Donor designations to member agencies	0	(61,463)	0	0	(61,463)
Donor designations to other agencies	0	(40,487)	0	0	(40,487)
(Provision for) Recovery of uncollectible pledges	<u>0</u>	<u>(91,321)</u>	<u>(7,294)</u>	<u>0</u>	<u>(98,615)</u>
Total	<u>\$ 6,077</u>	<u>\$ 979,593</u>	<u>\$ 40,822</u>	<u>\$ 7,560</u>	<u>\$ 1,034,052</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 \$1,433,492 and \$1,419,245, respectively for the year ended June 30, 2021 and 2020.

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2021 and 2020

(9) Functional expenses

The breakdown of program expense by program for the years ended June 30, 2021 and 2020 which includes staff hours, in-kind donations and direct program expenses, is as follows:

		<u>2021</u>		<u>2020</u>
Community Impact	\$	792,176	\$	809,741
Homeless Initiative		174,117		227,327
COVID-19		811,571		124,622
CDBG		97,317		0
United IN18 Grant-Impact Position		19,392		30,621
Operation Bundle Up		23,829		21,802
Economic Assistance Plan		45,873		45,257
Christmas Angels		153,024		153,569
Fast Track		93,570		74,986
Helpline		37,593		56,397
Day of Caring		5,204		7,793
Needs Assessment		3		1
Charity Tracker		2,607		2,762
Volunteers		6,954		10,218
Flood Relief		1		12
Other		31		25
		<u>31</u>		<u>25</u>
Totals	\$	<u>2,263,262</u>	\$	<u>1,565,133</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, 2021 and 2020, 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, 2022 through June 30, 2026.

The United Way also leases a digital copier at the rate of \$129 per month through April 2023. This lease has a basic fixed fee each month plus overage charges based on the number of copies. The copier expense for the year ended June 30, 2021 and 2020 was \$1,548 and \$1,548 and is included in printing and publications expense. Future minimum lease payments total \$1,548 for the years ended June 30, 2021 and 2022 and \$1,290 for the year ended June 30, 2023.

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2021 and 2020

(11) Payroll Protection Loan

The United Way received a Payroll Protection Program (PPP) Loan of \$54,361 on April 15, 2020. This loan was forgiven in February 2021. A second loan was disbursed to the United Way in January 2021 in the amount of \$54,360. If the United Way meets all of the required obligations during the PPP forgiveness period, the loan will be forgiven under the CARES Act. Any unforgiven portion of the loan will be required to be paid back, including 1% interest beginning sometime in 2021 and maturing in April 2025.

(12) Grants/COVID-19

The United Way is the recipient of a \$900,000 grant from the Indiana United Ways as part of the Indiana United Way's United Way COVID-19 Economic Relief Initiative. These funds are to be distributed in the community to help with the physical, social, and economic effects of the coronavirus pandemic. The grant period ran through July 2021. Amounts recognized under this grant totaled \$819,747 and \$80,253 for the years ended June 30, 2021 and 2020. 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, 2021 was \$308,634, and the remaining \$166,188 is available for future expenditures related to COVID-19. Wave 2 funds are to be expended by December 31, 2021.

The United Way also received a Community Development Block Grant CV Funds (CFDA Number 14.218) through the City of Greenwood in the amount of \$100,000. The goal of this grant is to help serve 32 households using these funds in the areas of financial assistance, resource connection and case management services for individuals financially affected by COVID-19. This program is open to all Greenwood families that meet low and moderate-income guidelines established by the US Department of Housing & Urban Development (HUD). Costs incurred between March 13, 2020 and March 1, 2021 were eligible for reimbursement. During the year ended June 30, 2021, United Way incurred \$94,500 of direct costs on this grant and billed the City of Greenwood \$5,500 as an administrative fee.

The United Way has also received funding from other sources devoted to expenditures related to COVID-19, including personal protective equipment (PPE) and other upgrades to the facilities and to assistance in the community. Total direct expenses related to COVID-19 for the year ended June 30, 2021 and 2020 were \$762,335 and \$88,656, while indirect expenses allocated toward COVID-19 programming totaled \$49,236 and \$35,966.

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2021 and 2020

(12) Grants/COVID-19 (continued)

The United Way received a grant in the amount of \$134,039 from the Indiana United Way, UnitedIN20 grant. These funds will be used as follows:

Trainings and IT from UnitedIN20Grant	\$	13,400
Financial Assistance from UnitedIN20 Grant		50,035
Staffing from UnitedIN20 Grant		35,074
Mental Health from UnitedIN20 Grant		20,500
Welcome Home from UnitedIN20 Grant		10,000
Capacity building (Technology upgrades)		<u>5,026</u>
	\$	<u><u>134,035</u></u>

(13) Employee benefits

The United Way has a 401 (k) retirement plan that provides retirement benefits to all employees who have completed one year of service and are age 21 or older. Employer matching percentage and discretionary contributions are determined by the United Way on an annual basis. The United Way contributed \$12,379 and \$9,736 for the years ended June 30, 2021 and 2020, respectively.

(14) Donated materials and services

For Christmas Angels program, for the years ended June 30, 2021 and 2020, the United Way recognized \$128,600 and \$139,900 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 \$5,040 and \$14,500 in donated goods is reflected in the financial statements for the years ended June 30, 2021 and 2020, respectively, for coats that were collected, cleaned and distributed to those who may otherwise be without a winter coat.

Fast Track school supplies totaling \$27,908 and \$54,870 is reflected in the financial statements for the year ended June 30, 2021 and 2020, respectively, for noncash contributions given out by that program.

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2021 and 2020

(15) Coronavirus update

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

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

(16) Subsequent events

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