



United Way of Johnson County

Financial Statements

Years Ended June 30, 2022 and 2021

UNITED WAY OF JOHNSON COUNTY, INC.

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-20



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

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, 2022 and 2021, and the related statements of activities, functional expenses and its cash flows for the years then ended, 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, 2022 and 2021, 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 2021 financial statements, and our report dated December 2, 2021, 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, 2021, 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 1, 2022

UNITED WAY OF JOHNSON COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 148,054	\$ 256,667
Cash equivalents held at brokerage	164,630	688,193
Investments	178,252	175,023
Pledges receivable-current campaign, net of allowance	550,615	426,619
Pledges receivable-prior campaign, net of allowance	0	341
Prepaid expense	57,837	39,945
TOTAL CURRENT ASSETS	<u>1,099,388</u>	<u>1,586,788</u>
NON-CURRENT ASSETS		
Office equipment, net of depreciation	588	1,416
Beneficial interest in assets held by Community Foundation	81,647	97,893
TOTAL NON-CURRENT ASSETS	<u>82,235</u>	<u>99,309</u>
TOTAL ASSETS	<u>\$ 1,181,623</u>	<u>\$ 1,686,097</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accrued expenses	\$ 18,368	\$ 19,501
Allocations payable	778,693	807,303
Designations payable-current campaign	33,187	34,112
Designations payable-prior year campaign	5,018	0
Payroll Protection Program Loan	0	54,360
TOTAL CURRENT LIABILITIES	<u>835,266</u>	<u>915,276</u>
NET ASSETS		
Without donor restrictions		
Designated by the board	187,334	183,973
Available for operations	62,389	11,360
Total net assets without donor restrictions	<u>249,723</u>	<u>195,333</u>
With donor restrictions		
Restrictions due to time or purpose	29,208	508,062
Restrictions in perpetuity	67,426	67,426
Total net assets with donor restrictions	<u>96,634</u>	<u>575,488</u>
TOTAL NET ASSETS	<u>346,357</u>	<u>770,821</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,181,623</u>	<u>\$ 1,686,097</u>

See accompanying notes and independent auditor's report.

UNITED WAY OF JOHNSON COUNTY, INC.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2022 and with comparative totals for 2021

	2022				2021
	Without Donor Restriction	With Donor Restrictions		Total	Total including Restrictions
		Time or Purpose	Perpetuity		
SUPPORT AND REVENUE					
Support					
Gross campaign results	\$ 1,165,261	\$ 4,104	\$ 0	\$ 1,169,365	\$ 1,131,905
Donor designations to member agencies	(40,832)	0	0	(40,832)	(74,227)
Donor designations to other agencies	(55,019)	0	0	(55,019)	(55,167)
Provision for uncollectible pledges	(39,896)	0	0	(39,896)	(77,201)
Net campaign results	<u>1,029,514</u>	<u>4,104</u>	<u>0</u>	<u>1,033,618</u>	<u>925,310</u>
Revenue					
Designations from other United Ways	198,418	0	0	198,418	204,926
Grants	0	208,963	0	208,963	551,713
Administrative fees	26,199	0	0	26,199	50,500
Payroll protection program loan forgiven	54,360	0	0	54,360	54,361
Other contributions	48,655	0	0	48,655	49,706
Campaign related events	4,875	0	0	4,875	521
In-kind contributions	0	210,676	0	210,676	161,548
Investment income	2,942	0	0	2,942	3,366
Unrealized gains (losses) on investments	(35,651)	0	0	(35,651)	27,697
Received from Community Foundation	5,114	0	0	5,114	3,898
Other income	18,027	0	0	18,027	8,635
Total revenue	<u>322,939</u>	<u>419,639</u>	<u>0</u>	<u>742,578</u>	<u>1,116,871</u>
Total Support and Revenue	1,352,453	423,743	0	1,776,196	2,042,181
Other revenue					
Net assets released from restrictions	902,597	(902,597)	0	0	0
TOTAL SUPPORT AND REVENUE	<u>2,255,050</u>	<u>(478,854)</u>	<u>0</u>	<u>1,776,196</u>	<u>2,042,181</u>
EXPENSES					
Program services					
Gross distributions	799,727	0	0	799,727	880,518
Special project distributions	44,420	0	0	44,420	44,420
Donor designations to member agencies	(40,832)	0	0	(40,832)	(74,227)
Donor designations to other agencies	(55,019)	0	0	(55,019)	(55,167)
Net funds distributed	<u>748,296</u>	<u>0</u>	<u>0</u>	<u>748,296</u>	<u>795,544</u>
Homeless Initiative Program	180,661	0	0	180,661	149,096
COVID-19 Expenses	624,788	0	0	624,788	906,071
Net supporting expenses	1,553,745	0	0	1,553,745	1,850,711
Noncash items distributed	210,676	0	0	210,676	161,548
Other program services	209,320	0	0	209,320	251,003
Total Program Services	<u>1,973,741</u>	<u>0</u>	<u>0</u>	<u>1,973,741</u>	<u>2,263,262</u>
Management and general	119,629	0	0	119,629	115,553
Fundraising	91,949	0	0	91,949	68,208
Unallocated United Way Worldwide dues	15,341	0	0	15,341	20,473
TOTAL EXPENSES	<u>2,200,660</u>	<u>0</u>	<u>0</u>	<u>2,200,660</u>	<u>2,467,496</u>
CHANGE IN NET ASSETS	54,390	(478,854)	0	(424,464)	(425,315)
NET ASSETS, BEGINNING	<u>195,333</u>	<u>508,062</u>	<u>67,426</u>	<u>770,821</u>	<u>1,196,136</u>
NET ASSETS, ENDING	<u>\$ 249,723</u>	<u>\$ 29,208</u>	<u>\$ 67,426</u>	<u>346,357</u>	<u>\$ 770,821</u>

See accompanying notes and independent auditor's report.

UNITED WAY OF JOHNSON COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES For the Year Ended June 30, 2022 with comparative totals for 2021

	2022				2021	
	Program Services	Management & General	Fundraising	Unallocated UWW Dues	Total Expenses	Total (Memo Only)
Gross Distributions	\$ 799,727	\$ 0	\$ 0	\$ 0	\$ 799,727	\$ 880,518
Special Project distributions	44,420	0	0	0	44,420	44,420
Donor designations to member agencies	(40,832)	0	0	0	(40,832)	(74,227)
Donor designations to other agencies	(55,019)	0	0	0	(55,019)	(55,167)
Net Funds distributed	748,296	0	0	0	748,296	795,544
Homeless Initiative expenses	180,661	0	0	0	180,661	149,096
COVID 19 expenses	624,788	0	0	0	624,788	906,071
Net Supporting expenses	1,553,745	0	0	0	1,553,745	1,850,711
Noncash items distributed	210,676	0	0	0	210,676	161,548
Salaries, wages, and consulting	103,684	43,069	39,953	0	186,706	186,715
Payroll taxes and benefits	26,235	10,074	9,188	0	45,497	21,869
Total personnel	129,919	53,143	49,141	0	232,203	208,584
Program expenses	21,707	0	0	0	21,707	91,863
Accounting and professional fees	10,758	11,957	3,909	0	26,624	22,930
Fees charged by other United Ways	0	0	11,329	0	11,329	12,375
Rent	15,411	12,313	6,812	0	34,536	29,290
Marketing	3,302	1,322	2,390	0	7,014	10,104
Printing and publications	2,754	2,201	6,413	0	11,368	6,268
Office expense	2,721	1,713	2,476	0	6,910	6,761
Travel	391	69	624	0	1,084	264
Telephone	2,618	1,397	774	0	4,789	4,208
Equipment purchases and maintenance	8,919	3,874	3,301	0	16,094	19,930
Insurance	3,512	1,406	1,276	0	6,194	5,646
Food, meetings and conferences	2,775	27,778	1,692	0	32,245	9,531
Dues and subscriptions	2,910	1,165	1,058	0	5,133	4,648
Depreciation	345	276	152	0	773	1,571
Miscellaneous	1,278	1,015	602	0	2,895	790
Subtotal	209,320	119,629	91,949	0	420,898	434,763
United Way Worldwide Dues	0	0	0	15,341	15,341	20,473
Total functional expenses	\$ 1,973,741	\$ 119,629	\$ 91,949	\$ 15,341	\$ 2,200,660	\$ 2,467,496

See accompanying notes and independent auditor's report.

UNITED WAY OF JOHNSON COUNTY, INC.

STATEMENTS OF CASH FLOWS For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from campaign	\$ 1,098,985	\$ 1,289,490
Cash received from grants and contributions	257,617	601,419
Cash received from other sources	28,016	63,555
Investment income	2,942	3,366
Cash paid to vendors and employees	<u>(2,032,753)</u>	<u>(2,269,096)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(645,193)</u>	<u>(311,266)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds (purchases) of cash equivalents fund	<u>536,580</u>	<u>337,324</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>536,580</u>	<u>337,324</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Payroll Protection loan	<u>0</u>	<u>54,360</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>0</u>	<u>54,360</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(108,613)	80,418
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>256,667</u>	<u>176,249</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 148,054</u>	<u>\$ 256,667</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, 2022 and 2021

(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, 2022 and 2021

(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. 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, 2022 and 2021

(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, 2022 and 2021.

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, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

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, 2022 and 2021

(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, 2022 and 2021

(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, 2022 and 2021.

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, 2022 and 2021

(3) Property and Equipment

Fixed assets consist of the following:

	2022	2021
Office Equipment	\$ 81,599	\$ 81,599
less accumulated depreciation	81,011	80,183
	\$ 588	\$ 1,416

Depreciation expense totaled \$828 and \$1,823 for the year ended June 30, 2022 and 2021, respectively.

(4) Availability and Liquidity

The United Way has the following financial assets available as of June 30, 2022 and 2021.

	2022	2021
Financial assets at year end:		
Cash and cash equivalents	\$ 148,054	\$ 256,667
Pledges receivable, net	550,615	426,960
Investments	342,882	863,217
Beneficial interest in perpetual fund	81,647	97,893
	1,123,198	1,644,737
Less amounts allocated for the agencies	778,693	807,303
	344,505	837,434
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	187,334	183,973
Financial assets not available to be used within one year:	254,760	251,399
Financial assets available to meet general expenditures over the next twelve months	\$ 89,746	\$ 586,035

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, 2022 and 2021

(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 \$81,647 and \$97,983 as of June 30, 2022 and 2021, 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, 2022 and 2021, the United Way had \$2,971 and \$2,291 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, 2022 and 2021, \$250 and \$0 was donated to this fund from outside sources. Amounts paid out to the United Way during the years ended June 30, 2022 and 2021 totaled \$2,823 and \$2,098. The balance in this account as of June 30, 2022 and 2021 totaled \$99,147 and \$111,428, respectively. The estimate payout available to be distributed as of June 30, 2022 is \$3,584.

(6) Investments

The United Way's financial instruments consists of Vanguard mutual funds whose fair value was \$177,504 and \$165,096 as of June 30, 2022 and 2021 respectively. The United Way has also invested in common stock and short-term investments in money funds at Ameritrade, whose fair value was \$165,378 and \$689,385 as of June 30, 2022 and 2021, 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, 2022 and 2021

(6) Investments (continued)

The following schedule summarizes the investments held at June 30, 2022 and 2021.

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:

	2022	2021
Beginning balance	\$ 97,893	\$ 79,289
Contributions received	0	0
Earnings	(12,528)	21,792
Grants	2,291	1,800
Fees paid	1,427	1,388
Ending balance	\$ 81,647	\$ 97,893

Investments held as of June 30, 2022 and 2021 consist of the following:

	Fair Value	Quoted Prices in Active Markets for Identical Assets Level 1	Level 2	Significant Unobservable Inputs Level 3
2022				
Vanguard Capital 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

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2022 and 2021

(6) Investments(continued)

2021	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	\$ 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	97,893	0	0	97,893
Total	\$ 961,110	\$ 175,024	\$ 688,193	\$ 97,893

(7) Net Assets

Net assets consist of the following as of June 30, 2022 and 2021:

Net assets without donor restrictions

Net assets without donor restrictions consist of the following as of June 30, 2022 and 2021:

	2022	2021
Board designated		
Community Initiatives Fund	\$ 1,370	\$ 1,370
Fast Track	8,460	8,771
Operating Reserves Fund	138,198	129,231
Capital Development Fund	39,306	44,601
Total board designated	187,334	183,973
Without donor restrictions or designations	62,389	11,360
Total net assets without donor restrictions	\$ 249,723	\$ 195,333

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2022 and 2021

(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, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Homeless Initiative	\$ 0	\$ 57,977
COVID-19	0	388,193
Beneficial interest at Community Foundation	14,221	30,467
Impact Position from UnitedIN18	0	6,330
Training from UnitedIN18 Grant	2,971	3,989
Training from UnitedIN20 Grant	13,404	13,404
Technology/IT	5,988	3,988
Time restriction for future campaigns	<u>4,104</u>	<u>3,714</u>
 Total net assets with donor restrictions of time or purpose	 <u>\$ 40,688</u>	 <u>\$ 508,062</u>

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

	<u>2022</u>	<u>2021</u>
Homeless Initiative	\$ 113,998	\$ 89,287
COVID-19	554,381	755,809
CDBG	0	94,500
UnitedIN18 Grant	5,348	25,151
UnitedIN20 Grant	0	3,538
Expiration of time restrictions	3,714	6,077
In-kind contribution for OBU	16,640	5,040
In-kind contribution for Christmas Angels	164,875	128,600
In-kind contribution for Fast Track	40,641	27,908
Helpline	3,000	3,000
Community Foundation	<u>0</u>	<u>12,800</u>
 Total restrictions released	 <u>\$ 902,597</u>	 <u>\$ 1,151,710</u>

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2022 and 2021

(8) Campaign results by campaign year

Net campaign results by campaign year are as follows:

Year ended June 30, 2022	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>Prior</u>	<u>Total</u>
	<u>Campaign</u>	<u>Campaign</u>	<u>Campaign</u>	<u>Campaigns</u>	<u>Total</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	<u>0</u>	<u>(87,915)</u>	<u>48,019</u>	<u>0</u>	<u>(39,896)</u>
Total	<u>\$ 4,104</u>	<u>\$ 929,984</u>	<u>\$ 97,015</u>	<u>\$ 2,514</u>	<u>\$ 1,033,618</u>
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>	<u>Total</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>

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 \$1,423,544, and \$1,433,492, respectively for the year ended June 30, 2022 and 2021.

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2022 and 2021

(9) Functional expenses

The breakdown of program expense by program for the years ended June 30, 2022 and 2021 which includes staff hours, in-kind donations and direct program expenses, is as follows:

	2022	2021
Community Impact	\$ 764,530	\$ 792,176
Homeless Initiative	234,027	174,117
COVID-19	624,787	811,571
CDBG	148	97,317
United IN18 Grant-Impact Position	0	19,392
Operation Bundle Up	20,716	23,829
Economic Assistance Plan	44,420	45,873
Christmas Angels	180,381	153,024
Fast Track	41,858	93,570
Helpline	38,180	37,593
Day of Caring	8,055	5,204
Needs Assessment	269	3
Charity Tracker	3,139	2,607
Volunteers	9,243	6,954
EFSP	2,248	0
Other	1,740	32
Totals	\$ 1,973,741	\$ 2,263,262

(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, 2022 and 2021, 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, 2022 and 2021 was \$1,548 and \$1,548 and is included in printing and publications expense. Future minimum lease payments total \$1,290 for the year ended ended June 30, 2023.

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2022 and 2021

(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 and \$819,747 for the years ended June 30, 2022 and 2021. 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 and 2021 was \$166,188 and \$308,634. Wave 2 funds were 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, 2022 and 2021 were \$599,742 and \$956,834, while indirect expenses allocated toward COVID-19 programming totaled \$23,419 and \$49,237.

The United Way received a grant in the amount of \$134,035 from the Indiana United Way, UnitedIN20 grant. These funds will be used as follows:

	<u>2022</u>	<u>2021</u>
Trainings and IT from UnitedIN20Grant	\$ 13,400	13,400
Financial Assistance from UnitedIN20 Grant	50,035	50,235
Staffing from UnitedIN20 Grant	35,074	35,074
Mental Health from UnitedIN20 Grant	20,500	20,500
Welcome Home from UnitedIN20 Grant	10,000	10,000
Capacity building (Technology upgrades)	<u>5,026</u>	<u>5,026</u>
	<u>\$ 134,035</u>	<u>\$ 134,235</u>

UNITED WAY OF JOHNSON COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2022 and 2021

(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 \$13,502 and \$12,379 for the years ended June 30, 2022 and 2021, respectively.

(14) Donated materials and services

For Christmas Angels program, for the years ended June 30, 2022 and 2021, the United Way recognized \$164,875 and \$128,600 respectively, in gifts that were collected on behalf of the United Way's program and distributed to children in the Johnson County area at Christmas.

For the Operation Bundle Up program, an additional \$16,640 and \$5,040 in donated goods is reflected in the financial statements for the years ended June 30, 2022 and 2021, respectively, for coats that were collected, cleaned and distributed to those who may otherwise be without a winter coat.

Fast Track school supplies totaling \$40,641 and \$27,908 is reflected in the financial statements for the year ended June 30, 2022 and 2021, respectively, for noncash contributions given out by that program.

(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.