

Financial Statements

**United Way of Kosciusko County, Inc.
d/b/a United Way of Whitley and
Kosciusko Counties**

June 30, 2022 and 2021

**UNITED WAY OF KOSCIUSKO COUNTY, INC. D/B/A
UNITED WAY OF WHITLEY AND KOSCIUSKO COUNTIES**

**Financial Statements
June 30, 2022 and 2021**

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Certified Public Accountants • Business Consultants

Independent Auditors' Report

Board of Directors
United Way of Kosciusko County, Inc. d/b/a
United Way of Whitley and Kosciusko Counties
Warsaw, Indiana

Opinion

We have audited the accompanying financial statements of United Way of Kosciusko County, Inc. d/b/a United Way of Whitley and Kosciusko Counties (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the year ended June 30, 2022, and the eighteen month period ended June 30, 2021, 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 Kosciusko County, Inc. d/b/a United Way of Whitley and Kosciusko Counties as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the year ended June 30, 2022, and the eighteen month period ended June 30, 2021, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of Kosciusko County, Inc. d/b/a United Way of Whitley and Kosciusko Counties and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to 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.

Auditors' Responsibility 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 auditors' 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, including omissions, 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 Kosciusko County, Inc. d/b/a United Way of Whitley and Kosciusko Counties'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 Kosciusko County, Inc. d/b/a United Way of Whitley and Kosciusko Counties'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.



BADEN, GAGE & SCHROEDER, LLC

Fort Wayne, Indiana
January 6, 2023

**UNITED WAY OF KOSCIUSKO COUNTY, INC. D/B/A
UNITED WAY OF WHITLEY AND KOSCIUSKO COUNTIES**

**Statements of Financial Position
June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 640,275	\$ 684,299
Certificates of deposit	693,616	745,083
Investments	2,659,936	3,018,570
Pledges receivable - 2021 campaign, net of allowance of \$28,781 and \$24,233 in 2022 and 2021, respectively	219,760	171,974
Pledges receivable - 2020 campaign, net of allowance of \$85,482	-	2,497
Prepaid expenses	6,907	10,543
Property and equipment, net	<u>5,935</u>	<u>5,414</u>
TOTAL ASSETS	<u>\$ 4,226,429</u>	<u>\$ 4,638,380</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 24,052	\$ 14,494
Deferred revenue	15,000	-
Donor designations payable	<u>34,332</u>	<u>24,116</u>
Total Liabilities	73,384	38,610
NET ASSETS		
Net assets without donor restrictions	3,682,148	3,511,242
Net assets with donor restrictions	<u>470,897</u>	<u>1,088,528</u>
Total Net Assets	<u>4,153,045</u>	<u>4,599,770</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,226,429</u>	<u>\$ 4,638,380</u>

See Notes to Financial Statements.

**UNITED WAY OF KOSCIUSKO COUNTY, INC. D/B/A
UNITED WAY OF WHITLEY AND KOSCIUSKO COUNTIES**

**Statement of Activities
Year Ended June 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Gross campaign revenue	\$ 458,947	\$ -	\$ 458,947
Donor designations	(32,361)	-	(32,361)
Recovery of uncollectible pledges	<u>83,732</u>	-	<u>83,732</u>
Net Campaign Revenue	510,318	-	510,318
Designations from other United Ways	19,426	-	19,426
Service fees	631	-	631
Grants and other contributions	141,484	113,345	254,829
Contributions in-kind	16,275	-	16,275
Interest income	1,454	-	1,454
Other income	76,177	-	76,177
Loss on investments	(356,855)	-	(356,855)
Net assets released from restrictions	<u>730,976</u>	<u>(730,976)</u>	<u>-</u>
Total Support and Revenue	1,139,886	(617,631)	522,255
EXPENSES			
Funds invested in community programs	10,190	-	10,190
Donor designations	<u>(2,895)</u>	-	<u>(2,895)</u>
Net	7,295	-	7,295
Community and agency services provided by United Way	<u>756,429</u>	<u>-</u>	<u>756,429</u>
Total Program Expenses	763,724	-	763,724
Support Services:			
Management and general	104,999	-	104,999
Campaign	90,830	-	90,830
State and Worldwide affiliation dues	<u>9,427</u>	<u>-</u>	<u>9,427</u>
Total Support Services	<u>205,256</u>	<u>-</u>	<u>205,256</u>
Total Expenses	<u>968,980</u>	<u>-</u>	<u>968,980</u>
CHANGE IN NET ASSETS	170,906	(617,631)	(446,725)
NET ASSETS, BEGINNING OF YEAR	<u>3,511,242</u>	<u>1,088,528</u>	<u>4,599,770</u>
NET ASSETS, END OF YEAR	<u>\$ 3,682,148</u>	<u>\$ 470,897</u>	<u>\$ 4,153,045</u>

See Notes to Financial Statements.

**UNITED WAY OF KOSCIUSKO COUNTY, INC. D/B/A
UNITED WAY OF WHITLEY AND KOSCIUSKO COUNTIES**

Statement of Activities

Eighteen Month Period Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Gross campaign revenue	\$ 471,870	\$ 129,408	\$ 601,278
Donor designations	-	(122,807)	(122,807)
Provision for uncollectible pledges	<u>(89,640)</u>	<u>(6,717)</u>	<u>(96,357)</u>
Net Campaign Revenue	382,230	(116)	382,114
Designations from other United Ways	12,193	-	12,193
Service fees	1,949	-	1,949
Grants and other contributions	537,724	382,389	920,113
Contributions in-kind	4,300	-	4,300
Interest income	7,199	-	7,199
Other income	76,252	-	76,252
Excess assets acquired over liabilities and net assets assumed for Whitley County	106,414	278,354	384,768
Gain on investments	522,528	-	522,528
Net assets released from restrictions	<u>351,712</u>	<u>(351,712)</u>	<u>-</u>
Total Support and Revenue	2,002,501	308,915	2,311,416
 EXPENSES			
Funds invested in community programs	396,249	-	396,249
Donor designations	<u>(129,810)</u>	<u>-</u>	<u>(129,810)</u>
Net	266,439	-	266,439
Community and agency services provided by United Way	<u>709,190</u>	<u>-</u>	<u>709,190</u>
Total Program Expenses	975,629	-	975,629
Support Services:			
Management and general	152,262	-	152,262
Campaign	159,951	-	159,951
State and Worldwide affiliation dues	<u>26,572</u>	<u>-</u>	<u>26,572</u>
Total Support Services	<u>338,785</u>	<u>-</u>	<u>338,785</u>
Total Expenses	<u>1,314,414</u>	<u>-</u>	<u>1,314,414</u>
CHANGE IN NET ASSETS	688,087	308,915	997,002
NET ASSETS, BEGINNING OF PERIOD	<u>2,823,155</u>	<u>779,613</u>	<u>3,602,768</u>
NET ASSETS, END OF PERIOD	<u>\$ 3,511,242</u>	<u>\$ 1,088,528</u>	<u>\$ 4,599,770</u>

See Notes to Financial Statements.

**UNITED WAY OF KOSCIUSKO COUNTY, INC. D/B/A
UNITED WAY OF WHITLEY AND KOSCIUSKO COUNTIES**

**Statement of Functional Expenses
Year Ended June 30, 2022**

	<u>Management and General</u>	<u>Campaign</u>	<u>Program</u>	<u>Total</u>
Funds invested in community programs	\$ -	\$ -	\$ 10,190	\$ 10,190
Donor designations	-	-	(2,895)	(2,895)
Net	-	-	7,295	7,295
ORDINARY EXPENSES				
Bank fees	228	533	1,256	2,017
Campaign and marketing expense	2,732	14,642	8,315	25,689
Community initiative programs	-	-	245	245
Depreciation	361	844	1,145	2,350
Equipment rental	1,074	2,514	3,268	6,856
Meals	192	449	8,324	8,965
Miscellaneous	105	246	2,343	2,694
Office supplies	124	290	7,193	7,607
Outsourced services	38,304	2,895	3,714	44,913
Postage and delivery	69	162	211	442
Payroll taxes and benefits	3,288	6,687	8,693	18,668
Professional fees	26,594	454	6,105	33,153
Property liability	776	1,817	2,362	4,955
Rent	3,497	8,188	20,623	32,308
Salaries	26,916	49,379	60,839	137,134
Telephone and utilities	654	1,532	1,991	4,177
Travel	85	198	203	486
Total ordinary expenses	<u>104,999</u>	<u>90,830</u>	<u>136,830</u>	<u>332,659</u>
OTHER EXPENSES				
Community Initiative	-	-	39,046	39,046
Day of Action projects	-	-	5,732	5,732
ERI-Kosciusko Grant	-	-	326,650	326,650
ERI-Whitley Grant	-	-	97,655	97,655
IaUW 1010 Grant KSK	-	-	6,376	6,376
On My Way Pre-K	-	-	4,024	4,024
Start United 2021	-	-	15,742	15,742
UnitedIN16 Grant	-	-	7,601	7,601
UnitedIN18 Grant	-	-	69,141	69,141
UnitedIN20 Grant	-	-	37,545	37,545
Volunteer Kosciusko	-	-	486	486
W2G Grant Kindergarten Camps	-	-	9,601	9,601
Total other expenses	-	-	<u>619,599</u>	<u>619,599</u>
STATE AND WORLDWIDE AFFILIATION DUES				
	-	-	-	<u>9,427</u>
TOTAL	<u>\$ 104,999</u>	<u>\$ 90,830</u>	<u>\$ 763,724</u>	<u>\$ 968,980</u>

See Notes to Financial Statements.

**UNITED WAY OF KOSCIUSKO COUNTY, INC. D/B/A
UNITED WAY OF WHITLEY AND KOSCIUSKO COUNTIES**

**Statement of Functional Expenses
Eighteen Month Period Ended June 30, 2021**

	<u>Management and General</u>	<u>Campaign</u>	<u>Program</u>	<u>Total</u>
Funds invested in community programs	\$ -	\$ -	\$ 396,249	\$ 396,249
Donor designations	<u>-</u>	<u>-</u>	<u>(129,810)</u>	<u>(129,810)</u>
Net	-	-	266,439	266,439
ORDINARY EXPENSES				
Bank fees	637	1,058	623	2,318
Campaign and marketing expense	5,345	11,586	6,962	23,893
Community initiative programs	-	-	447,090	447,090
Conferences and training	155	195	202	552
Depreciation	-	1,727	1,727	3,454
Equipment rental	2,463	3,095	3,209	8,767
Meals	304	382	396	1,082
Miscellaneous	760	955	990	2,705
Office supplies	212	267	277	756
Outsourced services	51,429	3,679	3,815	58,923
Payroll taxes and benefits	9,580	10,677	11,071	31,328
Postage and delivery	165	207	215	587
Professional fees	22,048	5,462	5,663	33,173
Property liability	3,517	1,679	1,741	6,937
Rent	9,009	11,317	11,734	32,060
Salaries	42,017	96,807	112,869	251,693
Telephone and utilities	1,756	2,206	2,288	6,250
Volunteer events	<u>-</u>	<u>4,713</u>	<u>3,750</u>	<u>8,463</u>
Total ordinary expenses	149,397	156,012	614,622	920,031
OTHER EXPENSES				
Day of Action projects	-	3,181	8,665	11,846
Kids Smile Kosciusko	322	405	9,114	9,841
UnitedIN16 grant	2,543	353	20,300	23,196
UnitedIN18 grant	-	-	37,780	37,780
VITA program	-	-	15,841	15,841
Volunteer Kosciusko	-	-	40	40
W2G Grant Kindergarten Camps	<u>-</u>	<u>-</u>	<u>2,828</u>	<u>2,828</u>
Total other expenses	2,865	3,939	94,568	101,372
STATE AND WORLDWIDE AFFILIATION DUES				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,572</u>
TOTAL	<u>\$ 152,262</u>	<u>\$ 159,951</u>	<u>\$ 975,629</u>	<u>\$ 1,314,414</u>

See Notes to Financial Statements.

**UNITED WAY OF KOSCIUSKO COUNTY, INC. D/B/A
UNITED WAY OF WHITLEY AND KOSCIUSKO COUNTIES**

Statements of Cash Flows

Year Ended June 30, 2022 and Eighteen Month Period Ended June 30, 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (446,725)	\$ 997,002
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided By (Used In) Operating Activities:		
Depreciation	2,350	3,454
Net provision for (recovery of) uncollectible pledges	(83,732)	96,357
Net unrealized (gain) loss on investments	455,500	(322,303)
Net realized gain on sale of investments	(64,104)	(154,335)
Reinvested interest	(579)	(4,657)
Excess assets acquired over liabilities and net assets		
assumed for Whitley County	-	(384,768)
(Increase) Decrease in Assets:		
Pledges receivable	38,443	376,746
Interest receivable	-	6,356
Prepaid expenses	3,636	(1,923)
Increase (Decrease) in Liabilities:		
Accounts payable	9,558	(22,192)
Funds held in agency	15,000	-
Program funding and designations payable	<u>10,216</u>	<u>(274,436)</u>
Net Cash Provided By (Used In) Operating Activities	(60,437)	315,301
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(2,872)	-
Purchase of investments	(522,206)	(2,056,092)
Proceeds from sale of investments	489,444	2,081,457
Redemption of certificate of deposit	52,047	-
Cash acquired from the acquisition of Whitley County	<u>-</u>	<u>320,419</u>
Net Cash Provided By Investing Activities	<u>16,413</u>	<u>345,784</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(44,024)	661,085
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR/PERIOD	<u>684,299</u>	<u>23,214</u>
CASH AND CASH EQUIVALENTS, END OF YEAR/PERIOD	<u>\$ 640,275</u>	<u>\$ 684,299</u>

(CONTINUED)

**UNITED WAY OF KOSCIUSKO COUNTY, INC. D/B/A
UNITED WAY OF WHITLEY AND KOSCIUSKO COUNTIES**

Statements of Cash Flows (Continued)

Year Ended June 30, 2022 and Eighteen Month Period Ended June 30, 2021

	<u>2022</u>	<u>2021</u>
NONCASH FINANCING ACTIVITIES:		
Acquisition of Whitley County:		
Certificates of deposit	\$ -	\$ 52,046
Pledges receivable	-	12,901
Prepaid expenses	-	582
Liabilities	<u>-</u>	<u>(1,180)</u>
Noncash contribution resulting from the acquisition of Whitley County	<u>\$ -</u>	<u>\$ 64,349</u>

See Notes to Financial Statements.

UNITED WAY OF KOSCIUSKO COUNTY, INC. D/B/A UNITED WAY OF WHITLEY AND KOSCIUSKO COUNTIES

Notes to Financial Statements June 30, 2022 and 2021

Note 1. Summary of Significant Accounting Policies

Organization:

United Way of Kosciusko County, Inc. d/b/a United Way of Whitley and Kosciusko Counties (the Organization), is a voluntary not-for-profit organization benefiting the Whitley and Kosciusko county communities. The primary mission of the Organization is to help people in need and improve the quality of life in its communities by raising and effectively distributing funds to agencies and programs. The Organization is governed by a volunteer board of directors. The Organization solicits donations from the public in Whitley and Kosciusko counties and grants monies to various not-for-profit agencies.

Basis of Presentation:

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization reports information about its financial position and activities using two classes of net assets that recognize the existence and nature of restrictions on its net assets.

Nets Assets Without Donor Restrictions: Net assets without donor restrictions include expendable resources over which the Organization's Board of Directors has discretionary control and are used to carry out the Organization's operations in accordance with its bylaws.

Nets Assets With Donor Restrictions: Net assets with donor restrictions include resources expendable only for those purposes specified by the donor or grantor. The restrictions are satisfied either by the passage of time or by actions of the Organization. Other donor restrictions on net assets include those subject to stipulations that they be maintained permanently by the Organization.

Use of Estimates:

The preparation 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents:

For the purpose of the statements of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

The Organization maintains operating cash balances at an area bank. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization's cash balances exceed the limits of FDIC coverage from time to time.

UNITED WAY OF KOSCIUSKO COUNTY, INC. D/B/A UNITED WAY OF WHITLEY AND KOSCIUSKO COUNTIES

Notes to Financial Statements (Continued)
June 30, 2022 and 2021

Note 1. Summary of Significant Accounting Policies (Continued)

Certificates of Deposit:

Certificates of deposit are in accounts that are federally insured up to \$250,000 per financial institution. The certificates of deposit are recorded at cost. These investments have maturity dates in the next 12 months and have an interest rate of 0.15%.

Investments:

Investments, which consist primarily of money market funds, mutual funds, corporate bonds and notes, and common stock are recorded at market value. The market values of investments are generally determined based on quoted market prices or estimated fair values provided by external investment managers or other sources. Investment transactions are recorded on the trade date. Realized gains and losses on the sale of investments are calculated on the basis of specific identification of the securities sold. Realized and unrealized gains and losses are reflected in the statements of activities.

The Organization's investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the values of investments, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the statements of financial position and the statements of activities.

Support, Revenue and Pledges:

The Organization recognizes contributions and grants when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance barrier and a right of return, are not recognized until the conditions on which they depend have been met. There were no unrecognized conditional contributions as of June 30, 2022 and 2021. Any revenue received for special events occurring subsequent to the statement of financial position date are reflected as deferred revenue.

All contributions are considered to be available for the general programs of the Organization unless specifically restricted by the donor. Pledges for contributions are recorded as a receivable when the pledge is received and allowances are provided for pledges estimated to be uncollectible. During the fiscal year 2022, more campaigns changed their platform for making donations. Contributions received from these campaigns will be recorded on the cash basis going forward. This affects the current year gross campaign revenue and pledges receivable. Amounts received that are restricted for future periods or donor-restricted for specific purposes are reported as support that increases net assets with donor restrictions.

UNITED WAY OF KOSCIUSKO COUNTY, INC. D/B/A UNITED WAY OF WHITLEY AND KOSCIUSKO COUNTIES

Notes to Financial Statements (Continued)
June 30, 2022 and 2021

Note 1. Summary of Significant Accounting Policies (Continued)

Support, Revenue and Pledges (Continued):

When a donor-stipulated time restriction ends or a purpose restriction is accomplished, then the net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as net assets without donor restrictions.

The majority of pledges receivable are received from a broad base of the Organization's contributors as a result of the annual United Way campaign. All pledges receivable are expected to be collected within one year.

The allowance for uncollectible pledges is maintained at a level which, in management's judgment, is adequate to absorb potential uncollectible pledges inherent with pledges receivable. The provision for uncollectible pledges is computed based upon a three year historical average adjusted by management's knowledge of current economic factors, applied to gross campaign revenue, including donor designations. The allowance is increased by a provision for uncollectible pledges, which is charged to expense and reduced by charge-offs, net of recoveries. Because of uncertainties inherent in the estimation process, management's estimate of uncollectible pledges and the related allowance may change in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

Property and Equipment:

Depreciation of property and equipment is provided on a straight-line basis over estimated useful lives of the assets. Property and equipment is recorded at cost if purchased and at fair value if contributed. Maintenance and repairs are charged to expense as incurred and improvements and betterments are capitalized at cost. Generally, items greater than \$500 are capitalized. Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and the gains or losses are included in the statements of activities.

Cost Deduction:

The Organization is committed to compliance with United Way Worldwide's cost deduction requirements for recovering actual costs associated with processing and transferring designated funds.

Income Taxes:

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is not considered to be a private foundation.

UNITED WAY OF KOSCIUSKO COUNTY, INC. D/B/A UNITED WAY OF WHITLEY AND KOSCIUSKO COUNTIES

Notes to Financial Statements (Continued)
June 30, 2022 and 2021

Note 1. Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued):

The accounting standard, which provides guidance on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended June 30, 2022 and the eighteen month period ended June 30, 2021. The Organization is generally no longer subject to examination by the Internal Revenue Service for years prior to 2019.

Recently Issued Accounting Standards:

Pronouncements Currently Under Evaluation:

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with initial terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will affect the pattern of expense recognition in the statements of activities. This standard is effective for the fiscal year ending June 30, 2023. The Organization is currently in the process of evaluating the impact of adoption of this ASU on its financial statements.

Subsequent Events:

Management of the Organization has evaluated events and transactions for possible recognition or disclosure through January 6, 2023, the date the financial statements were available to be issued.

Note 2. Fiscal Year Change

Effective with the year beginning January 1, 2020, the Organization changed from a calendar year end of December 31 to a fiscal year end of June 30. An eighteen month fiscal transition period from January 1, 2020 through June 30, 2021, precedes the start of the new June year end cycle. As such, the amounts presented in these financial statements for the eighteen month period ended June 30, 2021, are not entirely comparable with the figures reported for the year ended June 30, 2022.

**UNITED WAY OF KOSCIUSKO COUNTY, INC. D/B/A
UNITED WAY OF WHITLEY AND KOSCIUSKO COUNTIES**

Notes to Financial Statements (Continued)
June 30, 2022 and 2021

Note 3. Acquisition

On January 1, 2021, the Organization acquired The United Way Whitley County, Inc. (Whitley County). The accompanying financial statements include the results of Whitley County's operations from January 1, 2021, through the Organization's year end of June 30, 2021. There were no adjustments related to the acquisition in the year ended June 30, 2022.

The following represents the significant details associated with the acquisition of the assets and assumption of liabilities:

Cash	\$ 320,419
Certificates of deposit	52,046
Pledges receivable	12,901
Prepaid expenses	582
Liabilities	<u>(1,180)</u>
	<u>\$ 384,768</u>

The Organization did not pay cash for the net assets of Whitley County, resulting in a contribution of \$384,768 in the accompanying statements of activities. Included in the contribution amount was \$258,434 of time and purpose donor restrictions and \$19,920 of donor restrictions in perpetuity.

Accounts Receivable:

The purchase included the assumption of net pledges receivable totaling \$12,901. Substantially all of the receivables were collected by June 30, 2021.

Acquisition-Related Expenses:

Included in management and general expenses in the statement of activities for the eighteen month period ended June 30, 2021, were charges totaling approximately \$15,000 for professional fees in connection with the Whitley County acquisition.

Note 4. Investments

The Organization's investments are as follows:

	<u>June 30, 2022</u>		<u>June 30, 2021</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 42,231	\$ 42,231	\$ 23,799	\$ 23,799
Mutual funds	961,296	921,306	929,961	1,104,186
Corporate bonds and notes	732,990	640,450	699,156	692,301
Common stock	<u>576,513</u>	<u>1,055,949</u>	<u>562,966</u>	<u>1,198,284</u>
	<u>\$ 2,313,030</u>	<u>\$ 2,659,936</u>	<u>\$ 2,215,882</u>	<u>\$ 3,018,570</u>

**UNITED WAY OF KOSCIUSKO COUNTY, INC. D/B/A
UNITED WAY OF WHITLEY AND KOSCIUSKO COUNTIES**

**Notes to Financial Statements (Continued)
June 30, 2022 and 2021**

Note 4. Investments (Continued)

Investment return is summarized for the year ended June 30, 2022, and the eighteen month period ended June 30, 2021, below:

	<u>2022</u>	<u>2021</u>
Interest and dividends from investments	\$ 46,984	\$ 65,835
Contribution from investment in Kosciusko Community Foundation Endowment Fund	6,977	6,195
Unrealized gain (loss) on investments	(455,500)	322,303
Realized gain on investments	64,104	154,335
Investment fees	<u>(19,420)</u>	<u>(26,140)</u>
Total gain (loss) on investments	<u>\$ (356,855)</u>	<u>\$ 522,528</u>

Donors have contributed monies to the Kosciusko County Community Foundation and the Whitley County Community Foundation (Foundations) on behalf of the Organization. The Foundations retain variance authority; therefore, these investments are not recorded as assets of the Organization. The aggregate value of these investments was \$296,990 and \$344,540 at June 30, 2022 and 2021, respectively.

Note 5. Property and Equipment

The Organization's property and equipment are as follows at June 30:

	<u>Estimated Useful Lives</u>	<u>2022</u>	<u>2021</u>
Leasehold improvements	10 years	\$ 13,098	\$ 13,098
Office equipment	5 - 7 years	11,112	11,112
Furniture and fixtures	5 years	4,125	4,125
Computer equipment	5 years	<u>7,832</u>	<u>4,961</u>
		36,167	33,296
Less: Accumulated depreciation		<u>30,232</u>	<u>27,882</u>
		<u>\$ 5,935</u>	<u>\$ 5,414</u>

Depreciation expense for the year ended June 30, 2022 and the eighteen month period ended June 30, 2021, totaled \$2,350 and \$3,454, respectively.

UNITED WAY OF KOSCIUSKO COUNTY, INC. D/B/A UNITED WAY OF WHITLEY AND KOSCIUSKO COUNTIES

Notes to Financial Statements (Continued)
June 30, 2022 and 2021

Note 6. Fair Value Measurements

Fair value measurements are based upon the exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, and are determined by either the principal market or the most advantageous market.

Inputs used in the valuation techniques to derive fair values are classified based on a three-level hierarchy to prioritize the inputs used in the valuation techniques to derive fair values. The basis for fair value measurements for each level within the hierarchy is described below with Level 1 measurements having the highest priority and Level 3 measurements having the lowest priority.

- Level 1: Fair value is based on unadjusted quoted prices for identical assets or liabilities in an active market that the Organization has the ability to access at the measurement date.
- Level 2: Fair value is based on quoted prices in markets that are not active, quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3: Fair value is based on prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable.

The asset's or liability's 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.

Following is a description of the valuation techniques and inputs used for each major class of assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022 and 2021.

Money market funds: Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering credit-worthiness of the issuer.

Mutual funds: Valued at the quoted market prices, which represent the net asset value (NAV) of shares held at year end.

Corporate bonds and notes: Valued based on yields currently available on comparable securities of issuers with similar credit ratings.

Common stock: Valued at the closing price at year end reported in the active market in which the individual securities are traded.

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Notes to Financial Statements (Continued)
June 30, 2022 and 2021

Note 6. Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's investments measured at fair value on a recurring basis as of June 30, 2022 and 2021.

	Assets at Fair Value as of June 30, 2022			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ -	\$ 42,231	\$ -	\$ 42,231
Mutual funds				
Diversified emerging markets	68,517	-	-	68,517
Foreign large blend	70,102	-	-	70,102
Foreign large growth	63,831	-	-	63,831
Foreign small/mid growth	56,379	-	-	56,379
Intermediate-term bond	115,256	-	-	115,256
Mid-cap growth	50,721	-	-	50,721
Other	2,218	-	-	2,218
Preferred stock	15,746	-	-	15,746
Short term bond	286,702	-	-	286,702
Small growth	47,106	-	-	47,106
Small value	<u>144,728</u>	<u>-</u>	<u>-</u>	<u>144,728</u>
Total mutual funds	921,306	-	-	921,306
Corporate bonds and notes				
High yield bond	-	17,670	-	17,670
Intermediate core bond	-	309,770	-	309,770
Short-term bond	<u>-</u>	<u>313,010</u>	<u>-</u>	<u>313,010</u>
Total corporate bonds and notes	-	640,450	-	640,450
Common stock				
Basic materials	63,311	-	-	63,311
Communication services	15,158	-	-	15,158
Consumer goods	92,136	-	-	92,136
Financial	159,703	-	-	159,703
Healthcare	184,118	-	-	184,118
Industrial goods	86,127	-	-	86,127
Materials	18,036	-	-	18,036
Other	21,981	-	-	21,981
Services	102,675	-	-	102,675
Technology	293,910	-	-	293,910
Utilities	<u>18,794</u>	<u>-</u>	<u>-</u>	<u>18,794</u>
Total common stock	<u>1,055,949</u>	<u>-</u>	<u>-</u>	<u>1,055,949</u>
Total assets at fair value	<u>\$ 1,977,255</u>	<u>\$ 682,681</u>	<u>\$ -</u>	<u>\$ 2,659,936</u>

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Notes to Financial Statements (Continued)
June 30, 2022 and 2021

Note 6. Fair Value Measurements (Continued)

	<u>Assets at Fair Value as of June 30, 2021</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ -	\$ 23,799	\$ -	\$ 23,799
Mutual funds				
Diversified emerging markets	111,095	-	-	111,095
Foreign large blend	94,477	-	-	94,477
Foreign large growth	87,059	-	-	87,059
Foreign small/mid growth	90,936	-	-	90,936
Intermediate-term bond	141,294	-	-	141,294
Mid-cap growth	75,133	-	-	75,133
Other	1,937	-	-	1,937
Short term bond	268,910	-	-	268,910
Small value	<u>233,345</u>	-	-	<u>233,345</u>
Total mutual funds	1,104,186	-	-	1,104,186
Corporate bonds and notes				
Intermediate government	-	412,848	-	412,848
Short-term bond	-	<u>279,453</u>	-	<u>279,453</u>
Total corporate bonds and notes	-	692,301	-	692,301
Common stock				
Basic materials	42,334	-	-	42,334
Consumer goods	126,023	-	-	126,023
Financial	173,806	-	-	173,806
Healthcare	176,031	-	-	176,031
Industrial goods	77,988	-	-	77,988
Materials	21,576	-	-	21,576
Other	24,583	-	-	24,583
Services	154,627	-	-	154,627
Technology	384,370	-	-	384,370
Utilities	<u>16,946</u>	-	-	<u>16,946</u>
Total common stock	<u>1,198,284</u>	-	-	<u>1,198,284</u>
Total assets at fair value	<u>\$ 2,302,470</u>	<u>\$ 716,100</u>	<u>\$ -</u>	<u>\$ 3,018,570</u>

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Notes to Financial Statements (Continued)
June 30, 2022 and 2021

Note 7. Liquidity and Availability of Resources

The Organization's financial assets available for general expenditures, that is, without donor or other restrictions limiting use, within one year of the statements of financial position date, comprise the following as of June 30:

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 640,275	\$ 684,299
Certificates of deposit	693,616	745,083
Investments	2,659,936	3,018,570
Pledges receivable - 2022 campaign, net of allowance of \$28,781 and \$24,233 in 2022 and 2021, respectively	219,760	171,974
Pledges receivable - 2020 campaign, net of allowance of \$85,482	<u>-</u>	<u>2,497</u>
Total financial assets	4,213,587	4,622,423
Less: Financial assets not available to be used within one year:		
Board designated	500,000	500,000
Restricted by donors with purpose and time restrictions	419,477	1,037,108
Restricted by donors in perpetuity	<u>51,420</u>	<u>51,420</u>
Total financial assets not available for general expenditures within one year	<u>970,897</u>	<u>1,588,528</u>
Total financial assets available for general expenditures within one year	<u>\$ 3,242,690</u>	<u>\$ 3,033,895</u>

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

Note 8. Net Assets Without Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
Board designated - reserve fund	\$ 500,000	\$ 500,000
Other	<u>3,182,148</u>	<u>3,011,242</u>
	<u>\$ 3,682,148</u>	<u>\$ 3,511,242</u>

**UNITED WAY OF KOSCIUSKO COUNTY, INC. D/B/A
UNITED WAY OF WHITLEY AND KOSCIUSKO COUNTIES**

Notes to Financial Statements (Continued)
June 30, 2022 and 2021

Note 9. Net Assets With Donor Restrictions

Net assets with time and purpose restrictions are available for the following purposes or periods as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Pledge drive - time restriction	\$ -	\$ 430,406
Work2Gether grant - Kindergarten Countdown	72,568	82,169
1010 Kids Smile Kosciusko	2,096	6,842
INvest 1213 grant	3,770	3,770
UnitedIN 16 grant	50,240	131,530
UnitedIN 18 grant	74,549	103,751
UnitedIN 18 grant Whitley	-	126
UnitedIN 20	113,290	-
COVID relief	45,843	45,788
Emergency relief grant	53,432	228,000
Merger expenses	<u>3,689</u>	<u>4,726</u>
	<u>\$ 419,477</u>	<u>\$ 1,037,108</u>

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

	<u>2022</u>	<u>2021</u>
Expiration of time restriction	\$ 430,407	\$ 324,793
Work2Gether grant - Kindergarten Countdown	9,601	19,328
1010 Kids Smile Kosciusko	4,746	7,591
UnitedIN 18	29,327	-
Emergency relief	174,568	-
Merger expenses	1,037	-
UnitedIN 16 grant	<u>81,290</u>	<u>-</u>
Total restrictions released	<u>\$ 730,976</u>	<u>\$ 351,712</u>

Net assets with donor restrictions also include amounts which were restricted in perpetuity by the donors. The income from these contributions is expendable to provide for office equipment or administrative expenses of the Organization. The total amount of net assets restricted in perpetuity was \$51,420 at June 30, 2022 and 2021.

UNITED WAY OF KOSCIUSKO COUNTY, INC. D/B/A UNITED WAY OF WHITLEY AND KOSCIUSKO COUNTIES

Notes to Financial Statements (Continued)
June 30, 2022 and 2021

Note 10. Operating Lease

The Organization leases office space under an operating lease agreement with an unrelated party requiring monthly rent payments ranging from \$1,436 to \$1,994 and expires on December 31, 2024.

Future minimum lease payments for the remaining life of the lease is as follows:

2023	\$	22,968
2024		23,606
2025		<u>11,962</u>
	\$	<u>58,536</u>

Office lease expense for the year ended June 30, 2022, and the eighteen month period ended June 30, 2021, was \$32,308 and \$32,060, respectively.

Note 11. Contributed Services

Contributed revenue for services was measured based on fair value and the amounts recognized were \$16,275 and \$4,300 for the year ended June 30, 2022 and the eighteen month period ended June 30, 2021, respectively. All amounts recognized were for professional fees. A substantial number of volunteers have donated significant amounts of their time to the Organization and its fund raising campaigns; however, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

Note 12. Functional Allocation of Expenses

United Way of Kosciusko County, Inc. d/b/a United Way of Whitley and Kosciusko Counties' financial statements report certain categories of expenses that are attributed to more than one supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The allocated expenses include office space rent and utilities, as well as salaries, payroll taxes and benefits, professional fees, office supplies, outsourced services, insurance, and miscellaneous, which are allocated based on estimates of time and effort. The three allocable categories are management and general, campaign, and program.

Note 13. Employee Benefit Plan

The Organization has a tax-deferred retirement savings plan under Section 401(k) of the Internal Revenue Code. Under the plan, full-time employees, who have 12 months of service, are eligible to participate in the plan. The Organization contributes 2% for all eligible employees and matches employee contributions up to 3%. The Organization incurred retirement plan expense of \$7,405 and \$10,185 for the year ended June 30, 2022, and the eighteen month period ended June 30, 2021, respectively.

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Notes to Financial Statements (Continued)
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Note 14. Small Business Administration – Paycheck Protection Program

In April 2020, the Organization obtained \$29,800 under the Small Business Administration ("SBA") Paycheck Protection Program ("PPP") Round 1. This was accounted for as a conditional grant and is reflected in other income in the statement of activities for the eighteen month period ended June 30, 2021. The Organization received forgiveness in January 2021. Under the PPP program, the SBA has six years to audit borrowers for program eligibility and compliance from the date forgiveness is granted.

Note 15. Risk and Uncertainties

The COVID-19 outbreak and other current local, national and global events have disrupted supply chains and affected production, sales, and margins across a range of industries. The extent of the impact of these events on the Organization's operational and financial performance will depend on certain developments, including the duration of the events and impact on customers, employees and vendors all of which are uncertain and cannot be predicted. It is uncertain the extent to which these events may impact the Organization's financial position and results of its activities.