

United Way of Madison County, Indiana, Inc.
Anderson, Indiana
Financial Statements
December 31, 2020 and 2019
(See Independent Auditor's Report)

**United Way of Madison County, Indiana, Inc.
Anderson, Indiana
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Madison County, Indiana, Inc.
Anderson, Indiana

We have audited the accompanying financial statements of United Way of Madison County, Indiana, Inc. (a nonprofit organization), which comprise the Statements of Financial Position as of December 31, 2020 and 2019, and the related Statements of Activities and Changes in Net Assets, 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

The Organization's 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 audit 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 entity'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 entity'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 United Way of Madison County, Indiana, Inc. as of December 31, 2020 and 2019, 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.

A handwritten signature in black ink that reads "Teipen CPA Group, P.C." in a cursive style.

Teipen CPA Group, P.C.
Indianapolis, Indiana

June 24, 2021

United Way of Madison County, Indiana, Inc.
Anderson, Indiana
Statements of Financial Position
December 31, 2020 and 2019
(See Independent Auditor's Report)

2020 2019

Assets

Cash and Cash Equivalents - Note 1	\$	744,105	\$	227,276
Pledges Receivable - 2020 Campaign, Due Within One Year, Net of Allowance for Uncollectible Pledges of \$30,614 and \$0 - Note 1		123,791		-
Pledges Receivable - 2019 Campaign, Currently Due, Net of Allowance for Uncollectible Pledges of \$32,883 and \$24,938 - Note 1		76,390		211,914
Pledges Receivable - 2018 Campaign, Currently Due, Net of Uncollectible Pledges of \$0 and \$30,392 - Note 1		-		54,286
Grants Receivable		30,495		33,180
Accounts Receivable		609		1,940
Prepaid Expenses		12,645		16,925
Distributions Receivable from Community Foundation		77,257		79,566
Property and Equipment - Net of Accumulated Depreciation of \$82,131 and \$77,487 - Notes 1 and 2		129,902		129,708
Beneficial Interest in Community Foundation Funds - Note 3		297,956		296,714
Investments - Notes 1 and 4		1,459,675		1,282,802
		<u>1,459,675</u>		<u>1,282,802</u>
Total Assets	\$	<u>2,952,825</u>	\$	<u>2,334,311</u>

Liabilities and Net Assets

Liabilities

Accounts Payable	\$	3,449	\$	17,179
Accrued Expenses Payable		61,570		60,619
Distributions Payable		77,344		81,574
Designations Payable - 2020 Campaign		15,177		-
Designations Payable - 2019 Campaign		8,798		10,455
Designations Payable - 2018 Campaign		-		12,551
Out of Area Liability		19,108		-
Note Payable - Paycheck Protection Program - Note 13		77,737		-
		<u>263,184</u>		<u>182,378</u>
Total Liabilities		<u>263,184</u>		<u>182,378</u>

Net Assets - Notes 1, 3, 7 and 9

Without Donor Restriction		1,411,585		1,398,682
With Donor Restrictions		1,278,056		753,251
		<u>2,689,641</u>		<u>2,151,933</u>
Total Net Assets		<u>2,689,641</u>		<u>2,151,933</u>
Total Liabilities and Net Assets	\$	<u>2,952,825</u>	\$	<u>2,334,311</u>

United Way of Madison County, Indiana, Inc.
Anderson, Indiana
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2020
(See Independent Auditor's Report)

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Gross Campaign Results	\$ 116,126	\$ 381,284	\$ 497,410
Donor Designations	(1,278)	(17,284)	(18,562)
Provision for Uncollectible Pledges	(24,403)	(30,614)	(55,017)
Net Campaign Results	<u>90,445</u>	<u>333,386</u>	<u>423,831</u>
Designations from Other United Ways	23,271	20,927	44,198
Service Fees	2,740	(205)	2,535
Grants	11,273	-	11,273
In-Kind Contributions - Note 1	711	-	711
ERI Grants - Notes 7 and 11	-	1,025,000	1,025,000
COVID - 19 Contributions	-	42,144	42,144
Special Events - Fundraising - Net of Expense of \$21,622	17,938	-	17,938
Meetings and Workshops	7,110	-	7,110
Covering Kids and Families	77,059	-	77,059
RSVP	53,232	-	53,232
Other	14,285	-	14,285
Interest - Short Term Investments - Note 4	747	-	747
Return on Investments - Net - Note 4	176,873	-	176,873
Beneficial Interest in Community Foundation Funds	76,757	1,242	77,999
Net Assets Released from Restriction	<u>897,689</u>	<u>(897,689)</u>	<u>-</u>
Total Support and Revenue	<u>1,450,130</u>	<u>524,805</u>	<u>1,974,935</u>
Program and Support Services			
Program Services			
Gross Funds Distributed	343,578	-	343,578
Other Program Services	<u>923,543</u>	<u>-</u>	<u>923,543</u>
Total Program Services	<u>1,267,121</u>	<u>-</u>	<u>1,267,121</u>
Support Services			
Management and General	74,923	-	74,923
Fundraising	84,480	-	84,480
UWA Dues - Unallocated	<u>10,703</u>	<u>-</u>	<u>10,703</u>
Total Support Services	<u>170,106</u>	<u>-</u>	<u>170,106</u>
Total Expenses	<u>1,437,227</u>	<u>-</u>	<u>1,437,227</u>
Change in Net Assets	12,904	524,805	537,708
Net Assets - Beginning of Year	<u>1,398,682</u>	<u>753,251</u>	<u>2,151,933</u>
Net Assets - End of Year	<u>\$ 1,411,585</u>	<u>\$ 1,278,056</u>	<u>\$ 2,689,641</u>

United Way of Madison County, Indiana, Inc.
Anderson, Indiana
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2019
(See Independent Auditor's Report)

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Gross Campaign Results	\$ 191,466	\$ 448,244	\$ 639,709
Donor Designations	(9,783)	(15,202)	(24,985)
Provision for Uncollectible Pledges	(4,560)	(24,938)	(29,498)
Net Campaign Results	<u>177,123</u>	<u>408,104</u>	<u>585,226</u>
Designations from Other United Ways	20,190	6,202	26,392
Service Fees	3,714	2,044	5,759
Grants	28,380	75,546	103,926
In-Kind Contributions - Note 1	5,372	-	5,372
Special Events - Fundraising - Net of Expense of \$30,100	19,108	-	19,108
Meetings and Workshops	5,900	-	5,900
Sponsorship	1,495	-	1,495
Covering Kids and Families	72,749	-	72,749
RSVP	43,022	-	43,022
Thrive Care Car	10,000	-	10,000
Other	22,670	-	22,670
Interest - Short Term Investments - Note 4	243	-	243
Return on Investments - Net - Note 4	197,655	-	197,655
Beneficial Interest in Community Foundation Funds	79,066	(93)	78,973
Net Assets Released from Restriction	<u>461,354</u>	<u>(461,354)</u>	<u>-</u>
Total Support and Revenue	<u>1,148,041</u>	<u>30,449</u>	<u>1,178,489</u>
Program and Support Services			
Program Services			
Gross Funds Distributed	363,503	-	363,503
Other Program Services	<u>500,817</u>	<u>-</u>	<u>500,817</u>
Total Program Services	<u>864,320</u>	<u>-</u>	<u>864,320</u>
Support Services			
Management and General	67,022	-	67,022
Fundraising	73,182	-	73,182
UWA Dues - Unallocated	<u>8,527</u>	<u>-</u>	<u>8,527</u>
Total Support Services	<u>148,731</u>	<u>-</u>	<u>148,731</u>
Total Expenses	<u>1,013,050</u>	<u>-</u>	<u>1,013,050</u>
Change in Net Assets	134,990	30,449	165,439
Net Assets - Beginning of Year	<u>1,263,692</u>	<u>722,802</u>	<u>1,986,494</u>
Net Assets - End of Year	<u>\$ 1,398,682</u>	<u>\$ 753,251</u>	<u>\$ 2,151,933</u>

United Way of Madison County, Indiana, Inc.
Anderson, Indiana
Statement of Functional Expenses
For the Year Ended December 31, 2020
(See Independent Auditor's Report)

	Program Services	Management and General	Fund- Raising	UWA Dues	Total
Gross Distributions - Note 11	\$ 343,578	\$ -	\$ -	\$ -	\$ 343,578
Salaries and Wages	216,696	21,361	48,746	-	286,803
Payroll Taxes and Benefits	<u>79,835</u>	<u>7,788</u>	<u>17,959</u>	<u>-</u>	<u>105,582</u>
Total Personnel	296,531	29,149	66,705	-	392,385
Processing and Accounting Service	-	28,848	-	-	28,848
Professional Fees	170	10,967	638	-	11,775
Contract Service Fees	-	-	690	-	690
Campaign	-	-	2,463	-	2,463
Marketing and Advertising - Note 1	2,651	261	747	-	3,659
Printing and Publications	670	66	-	-	736
Postage	1,501	148	338	-	1,987
Office Supplies	3,185	313	716	-	4,214
Office Rent	1,800	-	-	-	1,800
Telephone and Utilities	9,673	951	2,176	-	12,800
Repairs and Maintenance	3,585	352	806	-	4,743
Insurance	3,387	333	762	-	4,482
Conferences, Training and Meetings	9,460	930	3,945	-	14,335
Travel	692	523	466	-	1,681
Facility	1,625	160	366	-	2,151
Born Learning	251	-	-	-	251
Other Events - Program	4,637	-	-	-	4,637
Community Programs	26,991	-	-	-	26,991
UCAP	35,984	-	-	-	35,984
Thrive	37,115	-	-	-	37,115
RSVP	8,411	-	-	-	8,411
211 Services	5,000	-	-	-	5,000
ERI - Notes 7 and 11	429,538	300	-	-	429,838
State and Local Dues	10,855	1,067	2,442	-	14,364
Depreciation - Note 1	3,509	345	789	-	4,643
Miscellaneous	<u>26,322</u>	<u>210</u>	<u>431</u>	<u>-</u>	<u>26,963</u>
Subtotal	923,543	74,923	84,480	-	1,082,946
United Way of America Dues	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,703</u>	<u>10,703</u>
Totals	<u>\$ 1,267,121</u>	<u>\$ 74,923</u>	<u>\$ 84,480</u>	<u>\$ 10,703</u>	<u>\$ 1,437,227</u>

United Way of Madison County, Indiana, Inc.
Anderson, Indiana
Statement of Functional Expenses
For the Year Ended December 31, 2019
(See Independent Auditor's Report)

	Program Services	Management and General	Fund- Raising	UWA Dues	Total
Gross Distributions - Note 11	\$ 363,503	\$ -	\$ -	\$ -	\$ 363,503
Salaries and Wages	241,801	15,302	31,472	-	288,575
Payroll Taxes and Benefits	82,446	5,449	11,385	-	99,280
Total Personnel	<u>324,247</u>	<u>20,751</u>	<u>42,857</u>	-	<u>387,855</u>
Processing and Accounting Service	-	28,848	-	-	28,848
Professional Fees	168	10,669	8,139	-	18,976
Campaign	-	-	2,814	-	2,814
Marketing and Advertising - Note 1	575	59	742	-	1,376
Printing and Publications	2,969	285	-	-	3,254
Postage	1,620	149	675	-	2,444
Office Supplies	2,813	212	438	-	3,463
Office Rent	1,425	-	-	-	1,425
Telephone and Utilities	9,301	1,033	2,139	-	12,473
Repairs and Maintenance	13,634	1,494	3,094	-	18,222
Insurance	2,689	253	525	-	3,467
Conferences, Training and Meetings	12,561	1,200	7,728	-	21,489
Travel	1,919	856	1,506	-	4,281
Equipment Purchases	999	35	72	-	1,106
Facility	1,719	191	395	-	2,305
Born Learning	1,039	-	-	-	1,039
Other Events - Program	5,628	-	20	-	5,648
Community Programs	31,882	-	-	-	31,882
UCAP	28,413	-	-	-	28,413
Thrive	23,763	-	-	-	23,763
RSVP	773	-	-	-	773
211 Services	10,000	-	-	-	10,000
Gift in Kind	5,372	-	-	-	5,372
State and Local Dues	5,535	576	1,192	-	7,303
Depreciation - Note 1	2,872	319	660	-	3,851
Miscellaneous	8,901	92	186	-	9,180
Subtotal	<u>500,817</u>	<u>67,022</u>	<u>73,182</u>	-	<u>641,021</u>
United Way of America Dues	-	-	-	8,527	8,527
Totals	<u>\$ 864,320</u>	<u>\$ 67,022</u>	<u>\$ 73,182</u>	<u>\$ 8,527</u>	<u>\$ 1,013,051</u>

United Way of Madison County, Indiana, Inc.
Anderson, Indiana
Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019
(See Independent Auditor's Report)

	2020	2019
Cash Flows from Operating Activities		
Change in Net Assets	\$ 537,708	\$ 165,439
Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities		
Depreciation Expense	4,643	3,851
Realized and Unrealized (Gains) Losses on Investments	(139,721)	(159,655)
Dividends Earned in Investment Accounts	(44,428)	(45,010)
Broker Fees Paid in Investment Accounts	7,276	7,010
Stock Received as Contribution	-	(16,769)
(Increase) Decrease in Beneficial Interest in Community Foundation Funds	(1,242)	93
(Increase) Decrease in Pledges Receivable - Net	66,019	(43,370)
(Increase) Decrease in Grants Receivable	2,685	43,669
(Increase) Decrease in Accounts Receivable	1,331	(1,440)
(Increase) Decrease in Prepaid Expenses	4,279	(3,224)
(Increase) Decrease in Distributions Receivable from Community Foundation	2,309	(1,559)
Increase (Decrease) in Accounts Payable	(13,730)	7,656
Increase (Decrease) in Accrued Expenses Payable	952	7,203
Increase (Decrease) in Distributions Payable	(4,230)	19,014
Increase (Decrease) in Designations Payable	969	5,381
Increase (Decrease) in Out of Area Liability	19,108	-
Net Cash Provided by (Used in) Operating Activities	<u>443,928</u>	<u>(11,711)</u>
Cash Flows from Investing Activities		
Withdrawals from Investment Accounts	-	16,666
Purchase of Property and Equipment	(4,836)	-
Net Cash (Used in) Provided by Investing Activities	<u>(4,836)</u>	<u>16,666</u>
Cash Flows from Financing Activities		
Proceeds from Note Payable - Paycheck Protection Program	77,737	-
Proceeds from Note Payable - SBA - Economic Injury Disaster	7,000	-
Payments on Note Payable - SBA - Economic Injury Disaster	(7,000)	-
Net Cash Provided by Financing Activities	<u>77,737</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	516,829	4,955
Cash and Cash Equivalents - Beginning of Year	<u>227,276</u>	<u>222,321</u>
Cash and Cash Equivalents - End of Year	<u>\$ 744,105</u>	<u>\$ 227,276</u>

United Way of Madison County, Indiana, Inc.
Anderson, Indiana
Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019
(See Independent Auditor's Report)

	2020		2019
Supplemental Disclosure of Non-Cash Investing and Financing Activities			
Proceeds from Sale of Investments Held with Broker-Dealer	\$ 296,890	\$	399,666
Purchase of Investments Held with Broker-Dealer	350,089		409,149

United Way of Madison County, Indiana, Inc.
Anderson, Indiana
Notes to Financial Statements
December 31, 2020 and 2019
(See Independent Auditor's Report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES - The United Way of Madison County, Indiana, Inc. (the Organization), was formed in 1977 as a voluntary not-for-profit organization benefiting the Madison County, Indiana community. The mission of the Organization is to provide leadership and support in identifying and satisfying basic human needs and improving the quality of life in Madison County, Indiana. The Organization is governed by a volunteer board of directors and solicits donations from the public in Madison County and grants monies to various not-for-profit agencies.

Early in 2020, the Organization entered an agreement with United Way of Fayette County (UWFC) to provide assistance with managing their campaign and grant funding. In late 2020, UWFC dissolved and started the process of liquidating their assets.

BASIS OF PRESENTATION - The Organization records income and expense using the accrual method of accounting and accordingly reflects all significant receivables, payables and other liabilities. Financial statement presentation follows Financial Accounting Standards Board (FASB) ASC 958-225-45-5, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-225-45-5, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without board restrictions, net assets for a quasi-endowment.

Net Assets with Donor Restrictions - Net assets subject to donor (or certain grantor-imposed restrictions). Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

CASH AND CASH EQUIVALENTS - For the purposes of the Statements of Cash Flows, the Organization considers all highly-liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

PROPERTY AND EQUIPMENT - Property and equipment are stated at cost or, if donated, at the approximate fair market value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Maintenance and repairs are expensed as they are incurred. Depreciation expense is computed using the straight-line method over the estimated useful lives of the respective assets as follows:

Office Furniture and Equipment	3 - 10 Years
Building	40 Years

Depreciation expense for the years ending December 31, 2020 and 2019, was \$4,643 and \$3,851, respectively.

United Way of Madison County, Indiana, Inc.
Anderson, Indiana
Notes to Financial Statements
December 31, 2020 and 2019
(See Independent Auditor's Report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

SUPPORT, REVENUE AND PLEDGES - All contributions are available for unrestricted use 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. Amounts received that are restricted for future periods or donor-restricted for specific purposes are reported as with donor restrictions that increase that net asset classification.

When a donor stipulated time restriction ends, or a purpose restriction is accomplished, then the net assets with donor restriction are released to net assets without donor restriction.

The majority of pledges receivable are received from a broad base of Madison County contributors as a result of the annual United Way Campaign.

The allowance for uncollectible pledges is maintained at a level which, in management's judgment, is adequate to absorb potential bad debts inherent with pledges receivable. The amount of the allowance is based on management's evaluation of the collectability of the pledges receivable, trends in historical bad debt experience and economic conditions, applied to gross campaign, 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 bad debts and the related allowance may change in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

INVESTMENTS - Investments consist of broker money market funds and mutual funds which are recorded at fair value. The broker money market funds are with a financial advisor firm. The mutual funds are held with a local broker-dealer. The fair value of investments is generally determined based upon 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 the changes in the values of investments, it is at least reasonably possible that changes in risks in the near term could materially affect the amount reported in the Statements of Financial Position and the Statements of Activities.

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

FUNCTIONAL ALLOCATION OF EXPENSES - The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs for personnel and other overhead costs have been allocated among the programs and supporting services based upon the distribution of staff time.

(Continued)

United Way of Madison County, Indiana, Inc.
Anderson, Indiana
Notes to Financial Statements
December 31, 2020 and 2019
(See Independent Auditor's Report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IN-KIND CONTRIBUTIONS - During the years ended December 31, 2020 and 2019, the Organization has recorded the value of contributions meeting the requirements for recognition in the financial statements totaling \$711 and \$5,372 respectively. In-Kind contribution revenue is recognized as follows:

	2020	2019
Advertising	\$ <u>711</u>	\$ <u>5,372</u>
Total In-Kind Contributions	\$ <u><u>711</u></u>	\$ <u><u>5,372</u></u>

CONTRIBUTED SERVICES - During the years ended December 31, 2020 and 2019, a substantial number of volunteers have contributed significant amounts of their time to the Organization and its fund raising campaigns. These services do not meet the requirements for recognition in the financial statements in accordance with FASB ASC 958-605-50-1, *Accounting for Contributions Received and Contributions Made*, and are not included in the financial statements.

MARKETING AND ADVERTISING - Marketing and advertising costs are expensed as incurred.

USE OF ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

INCOME TAXES - The Organization is a not-for-profit, charitable organization as defined by Internal Revenue Code Section 501(c)(3) and is not subject to federal or Indiana income taxes.

RECLASSIFICATIONS - Certain account combinations from the prior year financial statements have been reclassified in the financial statements and notes to the financial statements to conform to the current year format.

NOTE 2 - PROPERTY AND EQUIPMENT

The Organization's property and equipment consists of the following:

	2020	2019
Office Furniture and Equipment	\$ 71,253	\$ 66,415
Building	117,287	117,287
Land	23,493	23,493
Less: Accumulated Depreciation	<u>(82,131)</u>	<u>(77,487)</u>
Total Property and Equipment - Net	\$ <u><u>129,902</u></u>	\$ <u><u>129,708</u></u>

United Way of Madison County, Indiana, Inc.
Anderson, Indiana
Notes to Financial Statements
December 31, 2020 and 2019
(See Independent Auditor's Report)

NOTE 3 - BENEFICIAL INTEREST IN ASSETS HELD BY FOUNDATION

In 1995, the Organization made a transfer of funds into the George M. Lee United Way Memorial Fund of the Madison County Community Foundation, Inc. (Foundation). In 1999, the Organization made a transfer of funds into the United Way of Madison County, Inc. Indiana Endowment Fund of the Foundation. In 2001, the Organization transferred funds to establish the United Way of Madison County Targeted Impact Fund at the Foundation. The three funds are governed by designated endowment agreements. Under the agreements, the Organization is specified as the beneficiary of earnings as determined by the Foundation's distribution policy. However, the Foundation was granted the authority to vary the terms of the agreements. Distributions from these funds are unrestricted.

The beneficial interest reported as an asset represents the present value of the estimated future distributions to be received discounted at 3.5% per annum. Any change in the value of the beneficial interest in the funds is reported as an increase or decrease in net assets with donor restrictions. The beneficial interests in assets held by the Foundation are summarized as follows:

	2020	2019
George M. Lee United Way Memorial Fund	\$ 38,092	\$ 38,350
United Way of Madison County, Inc. Indiana Endowment Fund	255,314	253,837
United Way of Madison County Targeted Impact Fund	<u>4,550</u>	<u>4,527</u>
Total Beneficial Interest in Assets with Foundation	<u>\$ 297,956</u>	<u>\$ 296,714</u>

Change in endowment net assets as determined by the Foundation for the years ended December 31, 2020 and 2019 are as follows:

	Endowments with Donor Restrictions	
	2020	2019
Beginning of Year	\$ 358,765	\$ 312,674
Contributions	-	258
Investment Return		
Interest, Dividends and Realized Gains	7,594	12,267
Unrealized Appreciation (Depreciation)	23,061	53,084
Grants Voted	(12,584)	(13,272)
Fees	<u>(6,000)</u>	<u>(6,245)</u>
End of Year	<u>\$ 370,836</u>	<u>\$ 358,765</u>

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NOTE 4 - INVESTMENTS

The Organization's investments at fair value are as follows:

	2020	2019
Investments		
Broker Money Market Funds	\$ 42,358	\$ 28,776
Mutual Funds	<u>1,417,317</u>	<u>1,254,026</u>
	<u>\$ 1,459,675</u>	<u>\$ 1,282,802</u>

Investment return is summarized below:

	2020	2019
Short-Term Investments		
Interest Income	<u>\$ 747</u>	<u>\$ 243</u>
Investments		
Investment Earnings - Dividends	\$ 44,428	\$ 45,010
Realized and Unrealized Gains (Losses)	139,721	159,655
Investment Fees	<u>(7,276)</u>	<u>(7,010)</u>
Total Return on Investments	<u>\$ 176,873</u>	<u>\$ 197,655</u>

NOTE 5 - OPERATING LEASE

The Organization leases office space in Elwood, Indiana on a month to month basis. The lease requires monthly rental payments of \$150. The Organization also leases various pieces of office equipment which requires total monthly rental payments of approximately \$170. Total lease expense for the years ended December 31, 2020 and 2019 was \$4,179 and \$3,632, respectively.

NOTE 6 - RELATED PARTIES

The Organization provides financial support to affiliated organizations. It is possible throughout the year for an individual or individuals to serve on the Board of Directors of the United Way of Madison County, Indiana, Inc. and to serve on the Board of Directors of an affiliated organization which receives financial support from the United Way of Madison County, Indiana, Inc.

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NOTE 7 - NET ASSETS

The Board has designated net assets without donor contributions generally through bequests and planned gifts through the use of a quasi-endowment. Net assets without donor restrictions as of December 31, 2020 and 2019 are as follows:

	2020	2019
Board Designated		
Quasi-Endowment - Investment Account	\$ 950,000	\$ 950,000
Not Board Designated		
Investment Account	450,523	274,771
Remainder	<u>11,062</u>	<u>173,911</u>
Total Unrestricted Net Assets	<u>\$ 1,411,585</u>	<u>\$ 1,398,682</u>

Net assets with donor restrictions at December 31, 2020 and 2019 are restricted for the following purposes:

	2020	2019
Subject to the Passage of Time	<u>\$ 354,108</u>	<u>\$ 416,350</u>
Subject to Expenditure for Specified Purpose		
ERI Grant - Madison County	435,472	-
ERI Grant - Fayette County	159,990	-
COVID-19	17,738	-
UnitedIN18 Grant	-	14,321
Prosperity Indiana Grant	12,792	18,000
FINRA Grant	<u>-</u>	<u>7,866</u>
	<u>625,992</u>	<u>40,187</u>
Endowments		
Beneficial Interest in Assets Held by Community Foundation	<u>297,956</u>	<u>296,714</u>
	<u>\$ 1,278,056</u>	<u>\$ 753,251</u>

Early in 2020, the Organization agreed to assist the United Way of Fayette County, Indiana in managing their ERI grant.

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NOTE 7 - NET ASSETS (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the passage of time or other events specified by the donors for the years ended December 31, 2020 and 2019 as follows:

	2020	2019
Expiration of Time Restrictions	\$ 416,350	\$ 373,951
UnitedIN18 Grant	14,321	75,269
FINRA Grant	7,866	12,134
Prosperity Indiana Grant	5,208	-
ERI Grant - Madison County	364,528	-
ERI Grant - Fayette County	65,010	-
COVID-19	<u>24,406</u>	<u>-</u>
Total Restrictions Released	<u>\$ 897,689</u>	<u>\$ 461,354</u>

NOTE 8 - PENSION PLAN

The Organization sponsors a defined contribution pension plan under Section 403(b) of the Internal Revenue Code in which all employees, as defined, are eligible to participate. Employees may make before tax or after tax contributions. Eligible employees receive contributions equal to 8% of their compensation. Employees are fully vested in employer contributions to the plan after three years of service. During the years ended December 31, 2020 and 2019, \$27,040 and \$27,480 was paid and expensed, respectively.

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS CASH BALANCES

At December 31, 2020 and 2019, the cash and cash equivalent balance on the Statements of Financial Position included net assets with donor restrictions totaling \$727,121 and \$212,487 respectively.

NOTE 10 - CONCENTRATION OF CREDIT RISKS

The Organization maintains several cash accounts at two financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC). At times, during the years ended December 31, 2020 and 2019, the balances in these accounts may have exceeded the maximum insurable amount of \$250,000. At December 31, 2020 and 2019, the Organization had \$480,297 and \$0, respectively of accounts in excess of the \$250,000 limit. The Organization has not experienced any losses.

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NOTE 11 - DESCRIPTION OF MAJOR PROGRAM SERVICES

The Organization supports other not-for-profit agencies in Madison County, Indiana and Fayette County, Indiana (April, 2020) serving various areas of education, income and health. Gross distributions to these agencies for the years ended December 31, 2020 and 2019 are \$343,578 and \$363,503, respectively.

Born Learning - Coordinated outreach for families of young children under the age of four. Coordination of local match requirements for state funded pre-K.

Community Access Network - Coordinate network of basic needs providers to better serve those in need of housing and food support and to provide long-term services to help people become self-sufficient.

Covering Kids and Families - The Organization is the lead agency for "The Covering Kids and Families of Madison County Coalition", a program that focuses on reducing the number of uninsured residents in Madison County.

RSVP - Promotion of volunteerism and matching of volunteer opportunities.

Thrive Network - Collaboration of organizations that provide support for individuals and families to achieve and sustain financial self-sufficiency. The Network provides coaching in three areas: employment, income supports and financial empowerment. THRIVE clients work with the Network in at least two areas over a period of months to years to achieve these goals.

Community Organizations Active in Disaster (COAD) - A network of organizations and government entities that plan and prepare for a coordinated response in the event of natural or other disaster. The Organization facilitates planning meetings, trainings and communications for the COAD.

Indiana United Way's COVID-19 Economic Relief Initiative (ERI) - Distribute funds to address the short and long-term needs of local communities suffering the physical, social and economic effects of the coronavirus pandemic.

NOTE 12 - CONCENTRATION OF CAMPAIGN PLEDGES

During the years ended December 31, 2020 and 2019, campaign pledges were received from donors that exceeded ten percent of the Organization's total gross current year campaign donations. The campaign revenue and related pledge receivable amounts for each as of December 31, 2020 and 2019 is as follows

	2020	
	Campaign	Receivable
Hospital	\$ 77,024	\$ 30,882
	2019	
	Campaign	Receivable
Hospital	\$ 76,602	\$ 29,470
Recreational Facility	54,963	54,963
	\$ 131,565	\$ 84,433

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NOTE 13 PAYCHECK PROTECTION PROGRAM

In May, 2020, the Organization received loan proceeds from First Merchants Bank of Indiana, Indianapolis, Indiana in the amount of \$77,737 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act ("Cares Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The note accrues interest at 1% and matures May 1, 2022. The loan and accrued interest are forgivable after eight or twenty-four weeks if the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of the loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight or twenty-four week period. The loan is guaranteed by the U.S. Small Business Administration (SBA).

As of December 31, 2020, the Organization indicates they have incurred and paid qualifying expenses as outlined in the loan documents but has not requested forgiveness. The Organization intends to record the forgiveness when received as other income. See Note 16.

NOTE 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a particular date. Generally accepted accounting principles establishes a fair value hierarchy which requires an organization to maximize observable inputs when measuring fair value. Three levels of inputs may be used to measure fair value as follows:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Significant other observable inputs, other than quoted market prices included in Level 1 prices, for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an Organization's assumptions about assumptions that market participants would use in pricing an asset or liability.

The Organization values mutual funds at fair value based upon quoted market prices for the respective fund in active markets (Level 1). The Organization values broker money market funds at fair value based upon similar investments with the same terms (Level 2). The beneficial interest in funds held by the Madison County Community Foundation is based upon a valuation model that calculates the present value of estimated future distributable income (Level 3).

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NOTE 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Assets measured at fair value on a recurring basis are summarized below by the three levels of hierarchy:

	2020		
	Level 1	Level 2	Level 3
Broker Money Market Funds	\$ -	\$ 25,039	\$ -
Mutual Funds - By Category			
World Allocation	264,584	-	-
Moderate Allocation	273,558	-	-
Foreign Large Blend	90,874	-	-
Large Growth	179,655	-	-
Mid-Cap Blend	185,369	-	-
Small Blend	66,475	-	-
Diversified Emerging Markets	78,651	-	-
Intermediate Term-Bond	197,081	-	-
World Bond	98,389	-	-
Beneficial Interest in Community Foundation Funds	-	-	297,956
	\$ 1,434,636	\$ 25,039	\$ 297,956
	2019		
	Level 1	Level 2	Level 3
Broker Money Market Funds	\$ -	\$ 42,358	\$ -
Mutual Funds - By Category			
World Allocation	246,279	-	-
Moderate Allocation	348,384	-	-
Foreign Large Blend	50,989	-	-
Large Growth	53,200	-	-
Mid-Cap Blend	111,808	-	-
Small Blend	95,991	-	-
Diversified Emerging Markets	108,461	-	-
Intermediate Term-Bond	84,422	-	-
World Bond	140,909	-	-
Beneficial Interest in Community Foundation Funds	-	-	296,714
	\$ 1,240,443	\$ 42,358	\$ 296,714

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NOTE 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The table below represents a reconciliation of activities reflected in the Statements of Activities of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2020 and 2019:

	2020	2019
Beginning of Year	\$ 296,714	\$ 296,807
Unrealized Gain (Loss)		
Change in Beneficial Interest	<u>1,242</u>	<u>(93)</u>
End of Year	<u>\$ 297,956</u>	<u>\$ 296,714</u>

NOTE 15 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is without donor or other restrictions, limiting their use, within one year of the Statement of Financial Position date, comprise the following:

	2020	2019
Cash and Cash Equivalents	\$ 744,105	\$ 227,276
Pledge Receivable - Net	200,180	266,200
Operating Investments	59,152	58,030
Grants Receivable	30,495	33,180
Distributions Receivable from Community Foundation	<u>77,257</u>	<u>79,566</u>
	<u>\$ 1,111,189</u>	<u>\$ 664,252</u>

The Organization uses cash and cash equivalents and the collection of receivables as well as ongoing revenue earnings to fund its operations.

NOTE 16 - SUBSEQUENT EVENTS

Management of the Organization has evaluated subsequent events through the report date of June 24, 2021.

The Organization received approximately \$50,000 from the dissolution of UWFC.

On June 4, 2021, the Organization received notification that their PPP note payable (\$77,737) and accrued interest (\$848) was granted 100% forgiveness. The Organization will record the forgiveness as revenue in 2021.

In late 2020, the Organization agreed to pursue a merger with United Way of Delaware County and United Way of Howard County, both located in Indiana. In March, 2021, the merger discussions with Howard County was terminated. In May, 2021 the Organization agreed to merge with United Way of Delaware County. The name of the new combined organization will be the Heart of Indiana United Way.

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NOTE 17 - ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES

The Organization has adopted guidelines in accordance with FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. A tax position is recognized as a benefit only if it is more likely than not that the tax position would be sustained in a tax examination. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For the tax positions not meeting the more likely than not test, no tax benefit is recorded. The adoption had no effect on the Organization's financial statements. The Organization is generally no longer subject to examination by taxing authorities for years before December 31, 2017 and does not expect the total amount of unrecognized tax benefits to significantly change in the next year. The Organization would recognize interest and penalties related to income tax matters in miscellaneous expense. The Organization did not have any amounts accrued for interest and penalties as of December 31, 2020 and 2019.