

**UNITED WAY OF DELAWARE, HENRY
& RANDOLPH COUNTIES
MUNCIE, INDIANA**

FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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WHITINGER & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
United Way of Delaware, Henry & Randolph Counties
Muncie, Indiana

We have audited the accompanying financial statements of United Way of Delaware, Henry & Randolph Counties (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 Delaware, Henry & Randolph Counties as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Whitiger & Company LLC

Certified Public Accountants
Muncie, Indiana

February 9, 2022

FINANCIAL STATEMENTS

1.

UNITED WAY OF DELAWARE, HENRY & RANDOLPH COUNTIES

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

| | <u>2021</u> | <u>2020</u> |
|---|----------------------------|----------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents (Note 2 and 11) | \$ 1,208,121 | \$ 2,547,935 |
| Pledges receivable, net of allowance for uncollectible pledges of \$172,586 in 2021 and \$147,552 in 2020 (Note 7) | 321,894 | 476,177 |
| Out-of-area receivables | 176,087 | |
| Due from U.S. Treasury, federal employee retention credit | 132,311 | |
| Other receivables | | 8,186 |
| Legacy fund receivable (Notes 5 and 6) | 58,977 | 63,994 |
| Prepaid expense | <u>20,581</u> | <u>18,466</u> |
| Total Current Assets | <u>\$ 1,917,971</u> | <u>\$ 3,114,758</u> |
| PROPERTY AND EQUIPMENT (Note 2) | | |
| Furniture and fixtures | \$ 59,313 | \$ 59,262 |
| Less accumulated depreciation | <u>(47,724)</u> | <u>(46,272)</u> |
| Total Property and Equipment, Net | <u>\$ 11,589</u> | <u>\$ 12,990</u> |
| OTHER ASSETS | | |
| Investments (Note 4 and 6) | \$ 1,624,384 | \$ 1,330,301 |
| Beneficial interest in assets held by Community Foundation (Notes 5 and 6) | <u>649,155</u> | <u>507,807</u> |
| Total Other Assets | <u>\$ 2,273,539</u> | <u>\$ 1,838,108</u> |
| Total Assets | <u><u>\$ 4,203,099</u></u> | <u><u>\$ 4,965,856</u></u> |

See accompanying Notes to Financial Statements.

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 311,805 | \$ 67,229 |
| Accrued expenses | 55,461 | 43,082 |
| Allocations payable | 746,830 | 788,401 |
| Designations payable (Note 8) | 104,885 | 133,177 |
| Current portion of long-term debt obligations (Note 9) | | <u>36,756</u> |
| Total Current Liabilities | <u>\$ 1,218,981</u> | <u>\$ 1,068,645</u> |
| LONG-TERM LIABILITIES | | |
| Debt obligations (Note 9) | | \$ 74,100 |
| Less current portion of debt obligations | | <u>(36,756)</u> |
| Total Long-Term Liabilities | | <u>\$ 37,344</u> |
| Total Liabilities | <u>\$ 1,218,981</u> | <u>\$ 1,105,989</u> |
| NET ASSETS | | |
| Without donor restrictions | <u>\$ 2,092,946</u> | <u>\$ 1,923,915</u> |
| With donor restrictions (Note 10 and 11) | | |
| Subject to purpose and time restrictions | \$ 242,017 | \$ 1,428,145 |
| Perpetual in nature | 649,155 | 507,807 |
| | <u>\$ 891,172</u> | <u>\$ 1,935,952</u> |
| Total Net Assets | <u>\$ 2,984,118</u> | <u>\$ 3,859,867</u> |
| Total Liabilities and Net Assets | <u>\$ 4,203,099</u> | <u>\$ 4,965,856</u> |

3.

UNITED WAY OF DELAWARE, HENRY & RANDOLPH COUNTIES

STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

| | 2021 | | |
|---|-------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Totals |
| SUPPORT AND REVENUE | | | |
| Gross campaign results | \$ 945,280 | \$ 73,324 | \$ 1,018,604 |
| Donor designations | (118,170) | | (118,170) |
| Provision for uncollectible pledges | (83,824) | | (83,824) |
| Net Campaign Results | \$ 743,286 | \$ 73,324 | \$ 816,610 |
| Designations from other United Ways | 11,821 | 44,879 | 56,700 |
| Service fees | 6,618 | | 6,618 |
| Grants | 234,948 | | 234,948 |
| In-kind contributions | 16,450 | | 16,450 |
| Special events | 12,887 | | 12,887 |
| Income from endowment fund | 28,953 | | 28,953 |
| Interest and dividend income | 38,080 | | 38,080 |
| Realized gain on investments | 24,389 | | 24,389 |
| Unrealized gain (loss) on investments | 247,902 | | 247,902 |
| Change in beneficial interest in assets held by Community Foundation | (5,017) | 141,348 | 136,331 |
| Loss on disposal of assets | (826) | | (826) |
| Miscellaneous income | 229,562 | | 229,562 |
| Total Support and Revenue | <u>\$ 1,589,053</u> | <u>\$ 259,551</u> | <u>\$ 1,848,604</u> |
| NET ASSETS RELEASED FROM RESTRICTIONS | <u>\$ 1,304,331</u> | <u>\$ (1,304,331)</u> | |
| EXPENSES | | | |
| Net funds distributed | \$ 821,743 | | \$ 821,743 |
| Other program services | 1,503,334 | | 1,503,334 |
| Total Program Services | <u>\$ 2,325,077</u> | | <u>\$ 2,325,077</u> |
| Management and general | \$ 155,980 | | \$ 155,980 |
| Fundraising | 217,879 | | 217,879 |
| Unallocated payment to affiliate | 25,417 | | 25,417 |
| Total Support Services | <u>\$ 399,276</u> | | <u>\$ 399,276</u> |
| Total Expenses | <u>\$ 2,724,353</u> | | <u>\$ 2,724,353</u> |
| CHANGE IN NET ASSETS | \$ 169,031 | \$ (1,044,780) | \$ (875,749) |
| NET ASSETS, BEGINNING OF YEAR | <u>1,923,915</u> | <u>1,935,952</u> | <u>3,859,867</u> |
| NET ASSETS, END OF YEAR | <u>\$ 2,092,946</u> | <u>\$ 891,172</u> | <u>\$ 2,984,118</u> |

See accompanying Notes to Financial Statements.

| 2020 | | | |
|-------------------------------|----------------------------|---------------------|------------------------------|
| Without Donor Restrictions | With Donor Restrictions | Totals | Change |
| \$ 1,353,596 | \$ 189,356 | \$ 1,542,952 | \$ (524,348) |
| (128,966) | | (128,966) | 10,796 |
| (64,294) | | (64,294) | (19,530) |
| <u>\$ 1,160,336</u> | <u>\$ 189,356</u> | <u>\$ 1,349,692</u> | <u>\$ (533,082)</u> |
| 12,672 | | 12,672 | 44,028 |
| 11,730 | | 11,730 | (5,112) |
| | 1,470,893 | 1,470,893 | (1,235,945) |
| 25,266 | | 25,266 | (8,816) |
| 38,777 | | 38,777 | (25,890) |
| 21,001 | | 21,001 | 7,952 |
| 34,851 | | 34,851 | 3,229 |
| 33,457 | | 33,457 | (9,068) |
| (85,398) | | (85,398) | 333,300 |
| 4,069 | (16,784) | (12,715) | 149,046 |
| (688) | | (688) | (138) |
| 6,000 | | 6,000 | 223,562 |
| <u>\$ 1,262,073</u> | <u>\$ 1,643,465</u> | <u>\$ 2,905,538</u> | <u>\$ (1,056,934)</u> |
| <u>\$ 373,692</u> | <u>\$ (373,692)</u> | | |
| \$ 817,115 | | \$ 817,115 | \$ 4,628 |
| 554,607 | | 554,607 | 948,727 |
| <u>\$ 1,371,722</u> | | <u>\$ 1,371,722</u> | <u>\$ 953,355</u> |
| \$ 154,372 | | \$ 154,372 | \$ 1,608 |
| 229,799 | | 229,799 | (11,920) |
| 14,894 | | 14,894 | 10,523 |
| <u>\$ 399,065</u> | | <u>\$ 399,065</u> | <u>\$ 211</u> |
| <u>\$ 1,770,787</u> | | <u>\$ 1,770,787</u> | <u>\$ 953,566</u> |
| \$ (135,022) | \$ 1,269,773 | \$ 1,134,751 | <u><u>\$ (2,010,500)</u></u> |
| <u>2,058,937</u> | <u>666,179</u> | <u>2,725,116</u> | |
| <u>\$ 1,923,915</u> | <u>\$ 1,935,952</u> | <u>\$ 3,859,867</u> | |

5.

UNITED WAY OF DELAWARE, HENRY & RANDOLPH COUNTIES

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

| | <u>2021</u> | <u>2020</u> |
|---|-----------------------------|-----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from grants and contributions | \$ 1,166,249 | \$ 2,837,414 |
| Cash paid for designations and allocations | (1,878,972) | (776,132) |
| Cash paid to suppliers and employees | (654,636) | (912,568) |
| Interest received | 38,080 | 34,851 |
| | <u> </u> | <u> </u> |
| Net Cash Provided By (Used For) Operating Activities | \$ (1,329,279) | \$ 1,183,565 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of furniture and equipment | \$ (2,488) | \$ (1,564) |
| Cash paid for certificates of deposit | (1,184) | (119,137) |
| Cash received from certificates of deposit | | 231,726 |
| Cash paid for purchases of investments | (38,221) | (412,984) |
| Proceeds from sale of investments | 31,358 | 402,431 |
| | <u> </u> | <u> </u> |
| Net Cash Provided By (Used For) Investing Activities | \$ (10,535) | \$ 100,472 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from debt obligations | | <u>\$ 74,100</u> |
| Net Cash Provided By Financing Activities | | <u>\$ 74,100</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | \$ (1,339,814) | \$ 1,358,137 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | <u>2,547,935</u> | <u>1,189,798</u> |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | <u>\$ 1,208,121</u> | <u>\$ 2,547,935</u> |

See accompanying Notes to Financial Statements.

RECONCILIATION OF CHANGE IN NET ASSETS TO
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES

| | 2021 | 2020 |
|--|-----------------------|---------------------|
| CHANGE IN NET ASSETS | \$ (875,749) | \$ 1,134,751 |
| ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | | |
| Depreciation expense | \$ 3,064 | \$ 2,944 |
| Loss on disposal of assets | 826 | 688 |
| Realized gain on sale of investments | (38,135) | (45,755) |
| Unrealized (gain) loss on investments | (247,902) | 85,398 |
| Change in beneficial interest in assets held | (136,331) | 12,715 |
| Loan forgiveness | (74,100) | |
| Cash flows provided by (used for) asset changes: | | |
| Pledges receivable | 129,249 | (116,062) |
| Allowance for uncollectible pledges | 25,034 | 50,898 |
| Out-of-area receivables | (176,087) | |
| Due from U.S. Treasury | (132,311) | |
| Other receivables | 8,186 | (8,186) |
| Prepaid expense | (2,115) | 9,242 |
| Cash flows provided by (used for) liability changes: | | |
| Accounts payable | 244,576 | 26,328 |
| Accrued expenses | 12,379 | 4,621 |
| Allocations payable | (41,571) | |
| Designations payable | (28,292) | 25,983 |
| Total Adjustments | \$ (453,530) | \$ 48,814 |
| NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | \$ (1,329,279) | \$ 1,183,565 |

SUPPLEMENTAL SCHEDULE OF NONCASH OPERATING ACTIVITIES

| | | |
|-----------------------|-----------|-----------|
| In-kind contributions | \$ 16,450 | \$ 25,266 |
|-----------------------|-----------|-----------|

UNITED WAY OF DELAWARE, HENRY & RANDOLPH COUNTIES

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Unallocated Payments to Affiliate</u> | <u>Total</u> |
|-------------------------------------|-----------------------------|-----------------------------------|--------------------|--|---------------------|
| Gross distributions | \$ 791,393 | | | | \$ 791,393 |
| Emergency allocations | <u>30,350</u> | | | | <u>30,350</u> |
| Net Funds Distributed | <u>\$ 821,743</u> | | | | <u>\$ 821,743</u> |
| Salaries and wages | \$ 208,016 | \$ 50,781 | \$ 115,187 | | \$ 373,984 |
| Payroll taxes and benefits | <u>57,316</u> | <u>13,472</u> | <u>30,299</u> | | <u>101,087</u> |
| Total Personnel Costs | \$ 265,332 | \$ 64,253 | \$ 145,486 | | \$ 475,071 |
| Processing and accounting services | | 47,565 | | | 47,565 |
| Professional fees | 13,259 | 23,677 | 7,955 | | 44,891 |
| Campaign | 4,771 | | 11,143 | | 15,914 |
| Grant expense | 1,110,451 | | | | 1,110,451 |
| Marketing and advertising | 30,649 | 4,174 | 11,149 | | 45,972 |
| Postage | 1,063 | 284 | 638 | | 1,985 |
| Office supplies | 1,747 | 411 | 924 | | 3,082 |
| Telephone | 2,614 | 671 | 1,508 | | 4,793 |
| Repair and maintenance | 1,527 | 407 | 916 | | 2,850 |
| Equipment rental and maintenance | 14,447 | 3,854 | 8,668 | | 26,969 |
| Rent | 17,325 | 4,621 | 10,394 | | 32,340 |
| Insurance | 3,682 | 982 | 2,209 | | 6,873 |
| Conferences, training, and meetings | 10,659 | 793 | 1,783 | | 13,235 |
| Travel | 517 | 138 | 310 | | 965 |
| Small equipment | 1,534 | 409 | 920 | | 2,863 |
| Special events | 784 | 49 | 5,888 | | 6,721 |
| State and local association dues | 5,164 | 1,377 | 3,098 | | 9,639 |
| Web page | 417 | 111 | 250 | | 778 |
| Depreciation | 1,641 | 438 | 985 | | 3,064 |
| Miscellaneous | 15,751 | 1,766 | 3,655 | | 21,172 |
| Subtotal | <u>\$ 1,503,334</u> | <u>\$ 155,980</u> | <u>\$ 217,879</u> | | <u>\$ 1,877,193</u> |
| United Way of America dues | | | | \$ 25,417 | 25,417 |
| Total Expenses | <u>\$ 2,325,077</u> | <u>\$ 155,980</u> | <u>\$ 217,879</u> | <u>\$ 25,417</u> | <u>\$ 2,724,353</u> |

See accompanying Notes to Financial Statements.

UNITED WAY OF DELAWARE, HENRY & RANDOLPH COUNTIES

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Unallocated Payments to Affiliate</u> | <u>Total</u> |
|-------------------------------------|-----------------------------|-----------------------------------|--------------------|--|---------------------|
| Gross distributions | \$ 801,830 | | | | \$ 801,830 |
| Emergency allocations | 15,250 | | | | 15,250 |
| Designations paid by others | <u>35</u> | | | | <u>35</u> |
| Net Funds Distributed | <u>\$ 817,115</u> | | | | <u>\$ 817,115</u> |
| Salaries and wages | \$ 200,275 | \$ 48,934 | \$ 101,306 | | \$ 350,515 |
| Payroll taxes and benefits | <u>58,677</u> | <u>12,282</u> | <u>25,127</u> | | <u>96,086</u> |
| Total Personnel Costs | \$ 258,952 | \$ 61,216 | \$ 126,433 | | \$ 446,601 |
| Processing and accounting services | | 44,244 | | | 44,244 |
| Professional fees | 7,416 | 21,947 | 4,570 | | 33,933 |
| Contract service fees | | | 55 | | 55 |
| Campaign | 3,085 | (940) | 39,320 | | 41,465 |
| Grant expense | 53,060 | | | | 53,060 |
| Marketing and advertising | 40,864 | 11,424 | 23,575 | | 75,863 |
| Postage | 2,450 | 325 | 665 | | 3,440 |
| Office supplies | 1,565 | 339 | 694 | | 2,598 |
| Telephone | 2,187 | 659 | 1,348 | | 4,194 |
| Repair and maintenance | 1,581 | 318 | 651 | | 2,550 |
| Equipment rental and maintenance | 6,585 | 1,984 | 4,058 | | 12,627 |
| Rent | 16,430 | 4,949 | 10,126 | | 31,505 |
| Insurance | 3,552 | 1,003 | 2,053 | | 6,608 |
| Conferences, training, and meetings | 17,131 | 2,147 | 4,392 | | 23,670 |
| Travel | 1,371 | 321 | 656 | | 2,348 |
| Small equipment | 1,069 | 322 | 659 | | 2,050 |
| Special events | 3,453 | 48 | 1,913 | | 5,414 |
| State and local association dues | 6,513 | 1,959 | 4,158 | | 12,630 |
| Web page | 565 | 170 | 348 | | 1,083 |
| Depreciation | 1,536 | 462 | 946 | | 2,944 |
| Miscellaneous | 125,242 | 1,475 | 3,179 | | 129,896 |
| Subtotal | <u>\$ 554,607</u> | <u>\$ 154,372</u> | <u>\$ 229,799</u> | | <u>\$ 938,778</u> |
| United Way of America dues | | | | \$ 14,894 | 14,894 |
| Total Expenses | <u>\$ 1,371,722</u> | <u>\$ 154,372</u> | <u>\$ 229,799</u> | <u>\$ 14,894</u> | <u>\$ 1,770,787</u> |

See accompanying Notes to Financial Statements.

UNITED WAY OF DELAWARE, HENRY & RANDOLPH COUNTIES

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

United Way of Delaware County, Indiana, Inc. (the Organization) was formed in 1925 as a voluntary not-for-profit organization benefiting the Delaware County, Indiana, community. The Organization has expanded its services within Indiana to also provide support to the communities of Henry and Randolph County and is doing business as United Way of Delaware, Henry & Randolph Counties.

The mission of the Organization is to provide leadership in developing and coordinating resources which enhance the general welfare of the citizens of the counties it serves. The Organization is governed by a volunteer board of directors and solicits donations from the public in Delaware, Henry and Randolph Counties and provides grant funding to various not-for-profit agencies in the counties that it serves.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization maintains its accounting on the accrual basis, and accordingly, reflects all significant receivables, payables, and other liabilities.

Financial Statement Presentation

The Organization prepares its financial statements in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”). FASB ASC 958-10-65, *Presentation of Financial Statements of Not-for-Profit Entities* establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories: “net assets with donor restrictions” and “net assets without donor restrictions”.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some 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 restrictions are perpetual in nature, where the donor stipulates those 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.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions.

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 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.

UNITED WAY OF DELAWARE, HENRY & RANDOLPH COUNTIES

NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*Cash and Cash Equivalents*

The Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash and cash equivalents.

Investments

The Organization maintains certificates of deposits with local financial institutions having maturity dates that exceed three months. It also holds assets invested with The Community Foundation of Muncie & Delaware County, Inc. (the Foundation) in a fund known as the United Way Stabilization Fund and in a brokerage account with Northwest Trust Services (formerly MutualWealth Management Group).

The Foundation combines all participating organizations' funds, which it manages, as a pooled fund. Investment earnings within the Foundation fund are distributed to the participants pro-rata based on the overall performance of the Foundation's investments and the amount each organization has invested. The Foundation's investment fund consists of various investments such as, alternative investments, equities, and equity and fixed income mutual funds.

The Organization's investments are recorded at fair value. The fair value of investments is generally determined based on quoted market prices, or estimated fair values, provided by external investment managers or other sources. Investment transactions held in the brokerage account are recorded on the trade date and realized gains and losses on the sale of investments are calculated on the basis of specific identification on the securities sold. Realized and unrealized gains and losses are reflected in the statement of activities.

Property and Equipment

Property and equipment are stated at cost as of the date of purchase or, if donated, at the approximate fair market value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. It is generally the policy of the Organization to capitalize fixed assets over the amount of \$1,000.

Depreciation expense is computed using the straight-line method over the estimated useful lives of office furniture and equipment of 3 to 20 years.

Depreciation expense for the years ended June 30, 2021 and 2020, was \$3,064 and \$2,944, respectively.

When assets are sold or disposed, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss on the disposition is reflected in activities. Expenditures for maintenance and repairs are expensed when incurred. Expenditures that result in the enhancement of the value of the assets involved are treated as additions to property and equipment.

UNITED WAY OF DELAWARE, HENRY & RANDOLPH COUNTIES

NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Support, Revenue, and Pledges

In accordance with FASB ASC 958, *Not-for-Profit Entities*, contributions received are recorded as support “with donor restrictions” and “without donor restrictions”, depending on the existence and/or nature of any donor restrictions. FASB ASC 605-205-15 *Accounting for Contributions Received and Made*, requires that “unconditional promises to give” be recorded as receivables and revenue; and requires the organization to distinguish between contributions received for each net asset category in accordance with donor restrictions.

Contributions are generally considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received as restricted by the donor for a specific purpose are reported as restricted until such time as the donor’s restriction expires. Restrictions are normally removed when the contributions are expended for the purpose restricted by the donor or the project for which the contributions were specifically donated is completed. 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 statement of activities as net assets released from restriction.

Pledges for contributions are recorded as a receivable when the pledge is received. An allowance is provided for pledges which are determined to be uncollectible. Amounts received that are restricted by the donor for future periods, or for specific purposes, are reported as support with donor restrictions.

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.

In-Kind Contributions

During the years ended June 30, 2021 and 2020, the Organization has recorded the value of contributions meeting the requirements for recognition in the financial statements totaling \$16,450 and \$25,266, respectively. In-kind contribution revenue is recognized as follows:

| | 2021 | 2020 |
|-------------------|-----------|-----------|
| Professional fees | | \$ 24 |
| Special events | \$ 100 | 7,232 |
| Advertising | 16,350 | 18,010 |
| | \$ 16,450 | \$ 25,266 |

UNITED WAY OF DELAWARE, HENRY & RANDOLPH COUNTIES

NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*Donated Services*

During the years ended June 30, 2021 and 2020, a substantial number of volunteers have contributed significant amounts of their time to the Organization and its fundraising campaigns. These services do not meet the requirements for recognition in the financial statements in accordance with FASB ASC 958-605, *Accounting for Contributions Received and Contributions Made* and are not included in the financial statements.

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.

Advertising

Advertising costs are expensed when incurred and are classified under the statement of functional expenses.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. The financial statements may report certain categories of expense that are attributed to more than one program or supporting function. Accordingly, certain costs have been allocated among program and supporting services benefited. Certain costs for personnel and office overhead costs, as well as fundraising costs, have been allocated among the programs and supporting services based upon the distribution of staff time.

Income Taxes

The Organization is a not-for-profit organization incorporated under the laws of the State of Indiana and is exempt from the payment of federal income taxes under *Section 501(c)(3)* of the *Internal Revenue Code*. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of *Section 509(a)* of the *Internal Revenue Code*.

The Organization's federal and state income tax returns are subject to examination by taxing authorities, generally for three years after they were filed.

Date of Management's Review

Management has evaluated subsequent events through the date on which the financial statements were made available to be issued. The date is the same as the independent auditor's report date.

UNITED WAY OF DELAWARE, HENRY & RANDOLPH COUNTIES

NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*Reclassifications*

Certain prior year amounts have been reclassified to conform to current year presentation.

Adopted Accounting Pronouncements

On July 1, 2020, the Organization adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers. The standard establishes a new contract and control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time, and expands disclosures about revenue. The Organization receives nearly all of its revenue in the form of contributions. There was no impact to the financial statements as a result of adoption. Accordingly, no adjustment to opening net assets was recorded.

Recent Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which is effective for fiscal years beginning July 1, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). The standard establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the statements of financial position for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. The new standard will be effective for fiscal years beginning July 1, 2022. Management is evaluating the potential impact of this new guidance on the financial statements.

UNITED WAY OF DELAWARE, HENRY & RANDOLPH COUNTIES

NOTES TO FINANCIAL STATEMENTS

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2021 and 2020, are comprised as follows:

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Operating Financial Assets: | | |
| Cash and cash equivalents (without donor restriction) | \$ 966,104 | \$ 1,119,790 |
| Pledges receivable, net of allowance for uncollectible pledges | 321,894 | 476,177 |
| Out-of-area receivables | 176,087 | |
| Due from U.S. Treasury | 132,311 | |
| Other receivables | | 8,186 |
| Legacy fund receivable | 58,977 | 63,994 |
| Investments | <u>1,624,384</u> | <u>1,330,301</u> |
| | <u>\$ 3,279,757</u> | <u>\$ 2,998,448</u> |

Reconciliation of Net Assets Without Donor Restrictions to Financial Assets Available to Meet Cash Needs:

| | | |
|---------------------------------------|---------------------|---------------------|
| Net assets without donor restrictions | \$ 2,092,946 | \$ 1,923,915 |
| Less: | | |
| Prepaid expense | (20,581) | (18,466) |
| Property and equipment, net | (11,589) | (12,990) |
| Add: | | |
| Accounts payable | 311,805 | 67,229 |
| Accrued expenses | 55,461 | 43,082 |
| Allocations payable | 746,830 | 788,401 |
| Designations payable | 104,885 | 133,177 |
| Debt obligations | | <u>74,100</u> |
| | <u>\$ 3,279,757</u> | <u>\$ 2,998,448</u> |

The Organization's annual operating cash needs are determined during their budgeting process. Cash is regularly monitored and evaluated by management. General expenditures include administration, fundraising, and program services that are expected to be paid in a subsequent year. Investments included in operating financial assets exclude the certificates of deposit with long-term maturities.

UNITED WAY OF DELAWARE, HENRY & RANDOLPH COUNTIES

NOTES TO FINANCIAL STATEMENTS

4. INVESTMENTS

The Organization's investments are as follows:

| | 2021 | 2020 |
|--|--------------|--------------|
| Investments in certificates of deposit | \$ 264,280 | \$ 263,097 |
| United Way Stabilization Fund | 752,694 | 577,800 |
| Northwest Trust Services investments | 607,410 | 489,404 |
| Total Investments | \$ 1,624,384 | \$ 1,330,301 |

Investment return is as follows:

| | 2021 | 2020 |
|--------------------------------------|------------|-------------|
| Interest and dividends | \$ 38,080 | \$ 34,851 |
| Realized gain on investment | 38,135 | 45,755 |
| Unrealized gain (loss) on investment | 247,902 | (85,398) |
| Administrative and investment fees | (13,746) | (12,298) |
| Total Return on Investments | \$ 310,371 | \$ (17,090) |

5. BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION

The Organization retains a beneficial interest in five endowment funds held by The Community Foundation of Muncie and Delaware County, Inc. The funds have been established by the Organization's Board of Directors at various times beginning in 1992. The Foundation has retained variance authority of all funds and therefore the beneficial interest is recorded as a perpetual donor restricted net asset. The Organization is specified as the beneficiary of future allocations based on the Foundation's spending policy, which historically allocated 4.5% of a twelve-quarter rolling average of the fair value of the fund prior to the year of distribution. The Organization's Board then has the ability to accept allocations or allow them to remain with the Foundation. These allocations that remain with the Foundation are recorded as assets without donor restrictions. 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.

UNITED WAY OF DELAWARE, HENRY & RANDOLPH COUNTIES

NOTES TO FINANCIAL STATEMENTS

5. BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION (continued)

The Organization established the endowments to preserve a predictable stream of future cash flows to fund programs supported by the Organization while maintaining the purchasing power of the original investment. The Foundation's return objectives are to maximize total return, net of inflation, spending and expenses, with prudent risk levels.

Change in endowment net assets for the year ended June 30, 2021, was as follows:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--------------------------------|---------------------------------------|------------------------------------|-------------------|
| Net Assets, Beginning of Year | \$ 63,994 | \$ 507,807 | \$ 571,801 |
| Transfers | 25,198 | (25,198) | |
| Investment Return: | | | |
| Investment income, net of fees | | 6,223 | 6,223 |
| Appreciation of investment | | 160,323 | 160,323 |
| Grants | <u>(30,215)</u> | | <u>(30,215)</u> |
| Net Assets, End of Year | <u>\$ 58,977</u> | <u>\$ 649,155</u> | <u>\$ 708,132</u> |

Change in endowment net assets for the year ended June 30, 2020, was as follows:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--------------------------------|---------------------------------------|------------------------------------|-------------------|
| Net Assets, Beginning of Year | \$ 59,925 | \$ 524,591 | \$ 584,516 |
| Transfers | 25,070 | (25,070) | |
| Investment Return: | | | |
| Investment income, net of fees | | 31,400 | 31,400 |
| Depreciation of investment | | (23,114) | (23,114) |
| Grants | <u>(21,001)</u> | | <u>(21,001)</u> |
| Net Assets, End of Year | <u>\$ 63,994</u> | <u>\$ 507,807</u> | <u>\$ 571,801</u> |

UNITED WAY OF DELAWARE, HENRY & RANDOLPH COUNTIES

NOTES TO FINANCIAL STATEMENTS

5. BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION (continued)

Assets held by Community Foundation as of June 30, 2021 and 2020, are summarized as follows:

| | <u>2021</u> | <u>2020</u> |
|--|-------------------|-------------------|
| Beneficial interest in assets held by Community Foundation | \$ 649,155 | \$ 507,807 |
| Legacy Fund receivable | <u>58,977</u> | <u>63,994</u> |
| Total assets held by Community Foundation | <u>\$ 708,132</u> | <u>\$ 571,801</u> |

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The framework for measuring fair value 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) and the lowest priority to unobservable inputs (Level 3). The three levels of 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 Organization 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, or 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The investments held in the Stabilization Fund with the Community Foundation of Muncie and Delaware County, Inc. (Foundation) represent the Organization's proportionate share of the Foundation's pooled investment portfolio (Level 3). The Legacy Fund receivable and the beneficial interest in assets held by the Community Foundation are based on inputs provided by the trustee and the Community Foundation (Level 3). The investments held by Northwest Trust Services use Level 1 inputs.

UNITED WAY OF DELAWARE, HENRY & RANDOLPH COUNTIES

NOTES TO FINANCIAL STATEMENTS

6. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---------------------|--|---|--|
| June 30, 2021 | | | | |
| Legacy Fund receivable | \$ 58,977 | | | \$ 58,977 |
| United Way Stabilization Fund | 752,694 | | | 752,694 |
| Northwest Trust Services | 607,410 | \$ 607,410 | | |
| Beneficial interest in assets held by Community Foundation | 649,155 | | | 649,155 |
| | <u>\$ 2,068,236</u> | <u>\$ 607,410</u> | <u>\$ 0</u> | <u>\$ 1,460,826</u> |
| June 30, 2020 | | | | |
| Legacy Fund receivable | \$ 63,994 | | | \$ 63,994 |
| United Way Stabilization Fund | 577,800 | | | 577,800 |
| Northwest Trust Services | 489,404 | \$ 489,404 | | |
| Beneficial interest in assets held by Community Foundation | 507,807 | | | 507,807 |
| | <u>\$ 1,639,005</u> | <u>\$ 489,404</u> | <u>\$ 0</u> | <u>\$ 1,149,601</u> |

The table below represents a reconciliation of activities classified in the statement of activities reflecting gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2021 and 2020:

| | 2021 | 2020 |
|---|---------------------|---------------------|
| Beginning of year | \$ 1,149,601 | \$ 1,153,969 |
| Total Increases (Decreases) Included in Changes in Net Assets: | | |
| Interest and dividends | 28,011 | 26,164 |
| Realized gains | 72,760 | 49,851 |
| Unrealized gains (losses) - Stabilization Fund | 130,994 | (23,151) |
| Unrealized gains (losses) - Beneficial Interest | 124,990 | (23,114) |
| Grants paid | (30,215) | (21,001) |
| Investment expense | (15,315) | (13,117) |
| End of year | <u>\$ 1,460,826</u> | <u>\$ 1,149,601</u> |

UNITED WAY OF DELAWARE, HENRY & RANDOLPH COUNTIES

NOTES TO FINANCIAL STATEMENTS

7. PLEDGES RECEIVABLE

The pledges receivable balance at June 30, 2021 and 2020, is summarized as follows:

| | Pledge Receivable | Allowance for Uncollectible Pledges | Net Balance |
|-----------------------------------|----------------------|---|-------------------|
| June 30, 2021 | | | |
| 2021 campaign due within one year | \$ 35,430 | | \$ 35,430 |
| 2020 campaign due within one year | 329,061 | \$ 42,597 | 286,464 |
| 2019 campaign due within one year | 129,989 | 129,989 | |
| | <u>\$ 494,480</u> | <u>\$ 172,586</u> | <u>\$ 321,894</u> |
| June 30, 2020 | | | |
| 2019 campaign due within one year | \$ 522,396 | \$ 47,449 | \$ 474,947 |
| 2018 campaign due within one year | 101,333 | 100,103 | 1,230 |
| | <u>\$ 623,729</u> | <u>\$ 147,552</u> | <u>\$ 476,177</u> |

8. DESIGNATIONS PAYABLE

The designations payable balance at June 30, 2021 and 2020, is summarized as follows:

| | 2021 | 2020 |
|---------------|-------------------|-------------------|
| 2020 Campaign | \$ 84,196 | |
| 2019 Campaign | 20,689 | \$ 87,973 |
| 2018 Campaign | | 41,496 |
| 2017 Campaign | | 3,708 |
| | <u>\$ 104,885</u> | <u>\$ 133,177</u> |

UNITED WAY OF DELAWARE, HENRY & RANDOLPH COUNTIES

NOTES TO FINANCIAL STATEMENTS

9. DEBT OBLIGATIONS

Debt obligations at June 30, 2021 and 2020, are as follows:

| | <u>2021</u> | <u>2020</u> |
|--|---------------|------------------|
| On April 14, 2020, the Organization entered into a promissory note with Northwest Bank under the CARES Act for Paycheck Protection Program loan funds. The note called for monthly principal and interest payments totaling \$75,000 to begin October 15, 2020, with a maturity date of March 14, 2022. Interest was fixed at a rate of 1.00% throughout the 18-month term of the loan. The Organization applied for and received forgiveness on the entire loan based on the criteria established by the CARES Act on May 26, 2021. | \$ -0- | \$ 74,100 |
| | \$ -0- | \$ 74,100 |
| Less current portion | <u>-0-</u> | <u>(36,756)</u> |
| | <u>\$ -0-</u> | <u>\$ 37,344</u> |

There are no required future minimum principal payments at year-end.

10. NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2021 and 2020, donor restricted net assets consist of:

| | <u>2021</u> | <u>2020</u> |
|----------------------------------|-------------------|---------------------|
| Perpetual endowment funds | \$ 649,155 | \$ 507,807 |
| UnitedIN18 | 118,971 | 150,294 |
| Economic Relief Initiative grant | | 1,088,495 |
| Time restrictions | <u>123,046</u> | <u>189,356</u> |
| | <u>\$ 891,172</u> | <u>\$ 1,935,952</u> |

UNITED WAY OF DELAWARE, HENRY & RANDOLPH COUNTIES

NOTES TO FINANCIAL STATEMENTS

10. NET ASSETS WITH DONOR RESTRICTIONS (continued)

During the years ended June 30, 2021 and 2020, donor restricted net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

| | <u>2021</u> | <u>2020</u> |
|----------------------------------|---------------------|-------------------|
| UnitedIN16 | | \$ 3,105 |
| UnitedIN18 | \$ 31,323 | 40,599 |
| Economic Relief Initiative grant | 1,033,500 | 11,505 |
| Various other grants | 50,152 | 180,000 |
| Time restrictions | <u>189,356</u> | <u>138,483</u> |
| | <u>\$ 1,304,331</u> | <u>\$ 373,692</u> |

11. DONOR RESTRICTED NET ASSET CASH BALANCES

At June 30, 2021 and 2020, the cash and cash equivalent balance on the statement of financial position included donor restricted net assets totaling \$206,587 and \$1,332,675, respectively.

12. OPERATING LEASES

The Organization leases real estate and office equipment under operating leases which require monthly minimum lease payments totaling approximately \$2,577. Total lease expense for the years ended June 30, 2021 and 2020, was \$32,341 and \$31,505, respectively.

The future minimum lease payments under operating lease agreements are as follows:

| <u>Year Ending June 30,</u> | <u>Amounts</u> |
|---------------------------------|------------------|
| 2022 | \$ 28,560 |
| 2023 | 28,560 |
| 2024 | <u>4,760</u> |
| | <u>\$ 61,880</u> |

UNITED WAY OF DELAWARE, HENRY & RANDOLPH COUNTIES**NOTES TO FINANCIAL STATEMENTS****13. DESCRIPTION OF PROGRAM SERVICES**

United Way of Delaware, Henry and Randolph Counties fights for the education, financial stability and health of every person in every community. The Organization works with donors, volunteers, and advocates with a goal to end generational poverty. Nearly half of all households in all three counties struggle. Among those households, the most significant, are those Asset-Limited, Income-Constrained and Employed families and individuals. They are working hard—sometimes two and three jobs, yet they are barely able to meet their basic budget and are living one crisis away from sliding into poverty. Through community investments, as well as direct service programs, United Way positively impacts the quality of life for all who reside in the communities. United Way is positioned to focus on the whole community, identifying gaps in services available to those in need, and aligning efforts with proven programs and partners to address those gaps. By taking this broad view, United Way not only meets immediate needs, but also attacks root causes to prevent future problems.

United Way works to continuously turn outward to ensure our work is driven by community will. Through ongoing community conversations with individuals from all demographics, community members have clearly and repeatedly shared their hopes for better educational outcomes for our children. As a result, United Way crafted an impact agenda around improving early childhood education and programs that benefit the family as a whole. Throughout this work, United Way recognizes that learning is a socially and culturally rooted, everyday process involving the whole person, that a child's family are their first and most important teachers, and that systemic barriers persist in our current educational system particularly for children from historically marginalized populations. United Way has identified partners and formed a coalition to set community-wide goals and metrics to remove systemic barriers and empower our children and families to have greater educational success. While the coalition continues such long-term efforts, United Way offers several direct service programs to meet our children's immediate educational needs around grade-level reading.

14. RETIREMENT PLAN

The Organization has established a retirement plan under *Section 403(b)* of the *Internal Revenue Code*. The plan is funded through a combination of employee salary deferrals, employer matching contributions, and employer discretionary contributions. Employer matching percentage and discretionary contributions are determined by the Organization on an annual basis. The Organization's contributions were \$11,127 and \$10,155, respectively, for the years ended June 30, 2021 and 2020.

15. CONCENTRATION OF CAMPAIGN PLEDGES

Substantially all of the Organization's pledges receivable, and support and revenue are derived from organizations and individuals who reside in Delaware County, Indiana.

During the years ended June 30, 2021 and 2020, campaign pledges were received from three local contributors which were approximately 31% and 21%, respectively, of the Organization's total current year gross campaign results.

UNITED WAY OF DELAWARE, HENRY & RANDOLPH COUNTIES

NOTES TO FINANCIAL STATEMENTS

16. CONCENTRATION OF CREDIT RISKS

The global pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets initially experienced significant declines in value resulting from uncertainty caused by the pandemic. The Organization's financial advisors closely monitor investment portfolios. Management monitors liquidity and is actively working to minimize the impact of these declines. The extent of the impact of the pandemic on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on donors, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which the pandemic may impact the Organization's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to its effects.

The Organization maintains several cash accounts and certificates of deposit at four financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC). At times, during the years ended June 30, 2021 and 2020, the balances in these accounts may have exceeded the maximum insurable amount of \$250,000. At June 30, 2021 and 2020, the Organization had accounts in excess of the \$250,000 totaling \$781,955 and \$2,110,953, respectively. The Organization has not experienced any losses.

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 would materially affect the amount reported in the statement of financial position and the statement of activities.

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.

UNITED WAY OF DELAWARE, HENRY & RANDOLPH COUNTIES

NOTES TO FINANCIAL STATEMENTS

17. ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES (continued)

The Organization's federal and state income tax returns are subject to examination by taxing authorities, generally for three years after filing. The Organization does not expect the total amount of unrecognized tax benefits to significantly change in the next year.

The Organization recognizes interest and penalties related to income tax matters in income tax expense. The Organization did not have any amounts accrued for interest and penalties as of June 30, 2021 and 2020.

18. SUBSEQUENT EVENTS

Effective July 1, 2021, the Organization completed a merger with the United Way of Madison County to form the Heart of Indiana United Way. The Heart of Indiana United Way will serve the Indiana counties of Delaware, Fayette, Henry, Madison, and Randolph.