

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

CONSOLIDATED FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2022 AND 2021

CPAs / ADVISORS



UNITED WAY OF BARTHOLOMEW COUNTY, INC.

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
United Way of Bartholomew County, Inc.
Columbus, Indiana

Opinion

We have audited the accompanying consolidated financial statements of United Way of Bartholomew County, Inc. (the "Organization"), a nonprofit organization, and affiliate, which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization and its affiliate as of December 31, 2022 and 2021, and changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidated Schedule of Allocations to Agencies is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The Consolidating Statement of Financial Position and the Consolidating Statement of Activities are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual organizations and are not a required part of the consolidated financial statements. Such information is the

responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Blue & Co., LLC

Seymour, Indiana

September 25, 2023

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2022 AND 2021

ASSETS

	2022	2021
Cash	\$ 927,624	\$ 2,472,498
Restricted cash	59,175	86,911
Accounts receivable	17,778	20,846
Pledges receivable, net	2,848,811	2,257,977
Grant receivable	273,481	29,447
Other assets	24,699	34,965
Assets held by Heritage Fund of Bartholomew County, Inc.	67,857	77,707
Property and equipment, net	<u>4,067,286</u>	<u>4,298,917</u>
	<u>\$ 8,286,711</u>	<u>\$ 9,279,268</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses	\$ 18,923	\$ 18,812
Assets held for others	59,175	86,911
Designations payable	2,200,507	2,331,277
Debt	<u>819,834</u>	<u>870,848</u>
Total liabilities	3,098,439	3,307,848
Net assets		
Without donor restrictions		
Operating	3,156,019	3,401,757
Operating reserve	<u>333,223</u>	<u>330,962</u>
	3,489,242	3,732,719
With donor restrictions		
Restricted for specified purposes	143,453	418,917
Restricted due to time restrictions	1,548,577	1,812,784
Endowed fund	<u>7,000</u>	<u>7,000</u>
	<u>1,699,030</u>	<u>2,238,701</u>
Total net assets	<u>5,188,272</u>	<u>5,971,420</u>
	<u>\$ 8,286,711</u>	<u>\$ 9,279,268</u>

See accompanying notes to consolidated financial statements.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Totals
Support and revenues				
Gross campaign results	\$ 423,187	\$ 3,669,127	\$ 4,092,314	\$ 4,587,854
Less donor designations	(73,111)	(1,880,550)	(1,953,661)	(1,985,185)
Less provision for uncollectible accounts	210,522	(240,000)	(29,478)	(158,380)
Net campaign results	560,598	1,548,577	2,109,175	2,444,289
Grant and contribution revenue	102,003	396,331	498,334	751,859
Interest income	2,985	-0-	2,985	1,620
Rent income	609,883	-0-	609,883	597,754
Miscellaneous	683	-0-	683	14,108
Net assets released from restrictions	2,484,579	(2,484,579)	-0-	-0-
Total support and revenues	3,760,731	(539,671)	3,221,060	3,809,630
Expenses				
Program services	3,437,264	-0-	3,437,264	3,571,244
Management and general	211,317	-0-	211,317	231,487
Fundraising	355,627	-0-	355,627	318,370
Total expenses	4,004,208	-0-	4,004,208	4,121,101
Change in net assets	(243,477)	(539,671)	(783,148)	(311,471)
Net assets, beginning of year	<u>3,732,719</u>	<u>2,238,701</u>	<u>5,971,420</u>	<u>6,282,891</u>
Net assets, end of year	<u>\$ 3,489,242</u>	<u>\$ 1,699,030</u>	<u>\$ 5,188,272</u>	<u>\$ 5,971,420</u>

See accompanying notes to consolidated financial statements.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Gross campaign results	\$ 628,668	\$ 3,959,186	\$ 4,587,854
Less donor designations	(113,783)	(1,871,402)	(1,985,185)
Less provision for uncollectible accounts	116,620	(275,000)	(158,380)
Net campaign results	631,505	1,812,784	2,444,289
Grant and contribution revenue	63,323	688,536	751,859
Interest income	1,620	-0-	1,620
Rent income	597,754	-0-	597,754
Miscellaneous	14,108	-0-	14,108
Net assets released from restrictions	2,687,770	(2,687,770)	-0-
Total support and revenues	3,996,080	(186,450)	3,809,630
Expenses			
Program services	3,571,244	-0-	3,571,244
Management and general	231,487	-0-	231,487
Fundraising	318,370	-0-	318,370
Total expenses	4,121,101	-0-	4,121,101
Change in net assets	(125,021)	(186,450)	(311,471)
Net assets, beginning of year	3,857,740	2,425,151	6,282,891
Net assets, end of year	\$ 3,732,719	\$ 2,238,701	\$ 5,971,420

See accompanying notes to consolidated financial statements.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
 YEAR ENDED DECEMBER 31, 2022
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

	2022							2021	
	Program				Total	Management and General	Fundraising	Total	Total
	Agency & Community Services	United Way Center	Volunteer Action Center	Covid Relief					
Agency allocations	\$ 1,551,199	\$ -0-	\$ -0-	\$ 234,401	\$ 1,785,600	\$ -0-	\$ -0-	\$ 1,785,600	\$ 1,898,000
Salaries	303,652	265,093	58,753	-0-	627,498	61,247	208,854	897,599	913,599
Payroll taxes and employee benefits	101,847	83,147	10,075	-0-	195,069	23,108	65,512	283,689	266,223
Agency development	9,500	-0-	-0-	-0-	9,500	-0-	-0-	9,500	4,000
Professional fees	40,295	3,600	6,710	-0-	50,605	29,940	39,219	119,764	135,280
Advertising	1,000	-0-	-0-	-0-	1,000	-0-	1,405	2,405	4,523
Supplies	5,761	19,769	1,266	-0-	26,796	5,576	18,872	51,244	46,693
Dues and subscriptions	12,558	462	784	-0-	13,804	42,791	10,878	67,473	81,539
Printing and postage	814	8	140	-0-	962	591	2,653	4,206	6,305
Telephone	464	-0-	432	-0-	896	5,207	-0-	6,103	5,571
Equipment rent	2,831	-0-	890	-0-	3,721	1,049	1,049	5,819	6,828
Utilities	-0-	181,721	-0-	-0-	181,721	-0-	-0-	181,721	141,245
Insurance	-0-	24,743	-0-	-0-	24,743	9,369	-0-	34,112	35,160
Conferences and meetings	21,645	-0-	54	-0-	21,699	12,542	2,396	36,637	11,634
Miscellaneous	488	524	-0-	-0-	1,012	1,037	4,789	6,838	8,157
Repairs and maintenance	-0-	38,644	-0-	-0-	38,644	-0-	-0-	38,644	35,588
Travel	1,461	893	153	-0-	2,507	2,055	-0-	4,562	3,071
Interest	-0-	39,363	-0-	-0-	39,363	-0-	-0-	39,363	41,709
Depreciation	-0-	225,502	-0-	-0-	225,502	15,000	-0-	240,502	241,288
Special projects	3,862	-0-	90	-0-	3,952	1,805	-0-	5,757	4,543
Special events	1,522	-0-	5,007	-0-	6,529	-0-	-0-	6,529	2,274
School supply expenses	138,851	-0-	-0-	-0-	138,851	-0-	-0-	138,851	33,789
Insurance premium assistance	12,550	-0-	-0-	-0-	12,550	-0-	-0-	12,550	10,729
Emergency relief grants	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	79,191
Partner/initiative investments	24,740	-0-	-0-	-0-	24,740	-0-	-0-	24,740	104,162
	<u>\$ 2,235,040</u>	<u>\$ 883,469</u>	<u>\$ 84,354</u>	<u>\$ 234,401</u>	<u>\$ 3,437,264</u>	<u>\$ 211,317</u>	<u>\$ 355,627</u>	<u>\$ 4,004,208</u>	<u>\$ 4,121,101</u>

See accompanying notes to consolidated financial statements.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program				Total	Management and General	Fundraising	Total
	Agency & Community Services	United Way Center	Volunteer Action Center	Covid Relief				
Agency allocations	\$ 1,397,984	\$ -0-	\$ -0-	\$ 500,016	\$ 1,898,000	\$ -0-	\$ -0-	\$ 1,898,000
Salaries	349,772	253,273	58,316	-0-	661,361	67,204	185,034	913,599
Payroll taxes and employee benefits	109,018	71,983	9,433	-0-	190,434	25,151	50,638	266,223
Agency development	4,000	-0-	-0-	-0-	4,000	-0-	-0-	4,000
Professional fees	30,376	5,298	6,959	-0-	42,633	52,013	40,634	135,280
Advertising	956	-0-	-0-	-0-	956	462	3,105	4,523
Supplies	9,564	23,506	1,428	-0-	34,498	3,628	8,567	46,693
Dues and subscriptions	13,725	911	371	-0-	15,007	51,915	14,617	81,539
Printing and postage	11	8	125	-0-	144	1,981	4,180	6,305
Telephone	838	-0-	432	-0-	1,270	4,301	-0-	5,571
Equipment rent	3,522	-0-	989	-0-	4,511	772	1,545	6,828
Utilities	-0-	141,245	-0-	-0-	141,245	-0-	-0-	141,245
Insurance	-0-	24,731	-0-	-0-	24,731	10,429	-0-	35,160
Conferences and meetings	5,872	-0-	-0-	-0-	5,872	2,372	3,390	11,634
Miscellaneous	1,740	575	-0-	-0-	2,315	659	5,183	8,157
Repairs and maintenance	-0-	35,588	-0-	-0-	35,588	-0-	-0-	35,588
Travel	470	524	-0-	-0-	994	600	1,477	3,071
Interest	-0-	41,709	-0-	-0-	41,709	-0-	-0-	41,709
Depreciation	-0-	231,288	-0-	-0-	231,288	10,000	-0-	241,288
Special projects	1,387	-0-	42	3,114	4,543	-0-	-0-	4,543
Special events	-0-	-0-	2,274	-0-	2,274	-0-	-0-	2,274
School supply expenses	33,789	-0-	-0-	-0-	33,789	-0-	-0-	33,789
Insurance premium assistance	10,729	-0-	-0-	-0-	10,729	-0-	-0-	10,729
Emergency relief grants	-0-	-0-	-0-	79,191	79,191	-0-	-0-	79,191
Partner/initiative investments	6,184	-0-	-0-	97,978	104,162	-0-	-0-	104,162
	<u>\$ 1,979,937</u>	<u>\$ 830,639</u>	<u>\$ 80,369</u>	<u>\$ 680,299</u>	<u>\$ 3,571,244</u>	<u>\$ 231,487</u>	<u>\$ 318,370</u>	<u>\$ 4,121,101</u>

See accompanying notes to consolidated financial statements.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Operating activities		
Change in net assets	\$ (783,148)	\$ (311,471)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	240,502	241,288
Provision for uncollectible accounts	29,478	158,380
Unrealized loss (gain) on assets held by Heritage Fund of Bartholomew County, Inc.	9,850	(8,327)
Changes in assets and liabilities:		
Accounts receivable	3,068	(13,801)
Pledges receivable	(620,312)	(113,097)
Grant receivable	(244,034)	150,235
Other assets	10,266	(291)
Accounts payable and accrued expenses	111	(66,381)
Assets held for others	(27,736)	(1,997)
Designations payable	<u>(130,770)</u>	<u>170,200</u>
Net cash flows from operating activities	(1,512,725)	204,738
Investing activities		
Purchase of property and equipment	<u>(8,871)</u>	<u>(13,337)</u>
Net cash flows from investing activities	(8,871)	(13,337)
Financing activities		
Principal payments of debt	<u>(51,014)</u>	<u>(51,264)</u>
Net cash flows from financing activities	<u>(51,014)</u>	<u>(51,264)</u>
Net change in cash and restricted cash	(1,572,610)	140,137
Cash and restricted cash, beginning of year	<u>2,559,409</u>	<u>2,419,272</u>
Cash and restricted cash, end of year	<u>\$ 986,799</u>	<u>\$ 2,559,409</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 39,363	\$ 41,709

See accompanying notes to consolidated financial statements.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

United Way of Bartholomew County, Inc. (the "United Way") was formed in 1967 to continually assess the needs of the people of Bartholomew County and improve their quality of life by raising and allocating funds for human care and developmental programs. Substantially all support is received from various individuals and businesses in Bartholomew County and surrounding areas.

During 2002, a building was donated to the United Way. In 2010, United Way Center of Bartholomew County, Inc. (the "Center") was formed as a supporting organization. The purpose of the Center is to own, manage, and maintain these facilities for the benefit of the United Way and its member agencies. The Center leases office space to several United Way member agencies, as well as the United Way for its headquarters.

Consolidated Financial Statements

The United Way appoints the majority of the board of directors and provides administrative services for the Center. The United Way and the Center also are co-makers of the mortgage held on the Center. The Center's net assets, if the Center is ever dissolved, will also revert to the United Way. Based on these factors, these entities (collectively referred to as the "Organization") present consolidated financial statements with any inter-entity transactions and balances eliminated as part of the consolidated financial statements for the years ended December 31, 2022 and 2021.

Management's Estimates

Management uses estimates and assumptions in preparing consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported support, revenues and expenses. Actual results could vary from the estimates that were used.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis, and have been prepared with a focus on the entity as a whole. Net assets, support, revenues, gains, and losses are classified based on the existence or absence of donor restrictions. Accordingly, the net assets of the Organization are classified and reported as follows:

Net assets without donor restrictions: Net assets that are currently available for operating purposes under the direction of the board of directors (Board) or designated by the Board for specific use.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Net assets with donor restrictions: Net assets subject to donor stipulations for specific operating purposes or time restrictions.

Cash and Restricted Cash

Restricted cash includes money held for the benefit of others and is also included as a liability on the Consolidated Statements of Financial Position.

The following table provides a reconciliation of cash and restricted cash reported within the Consolidated Statements of Financial Position that sum to the total of the same such amounts shown in the Consolidated Statements of Cash Flows:

	<u>2022</u>	<u>2021</u>
Cash	\$ 927,624	\$ 2,472,498
Restricted cash	<u>59,175</u>	<u>86,911</u>
Total cash and restricted cash	<u>\$ 986,799</u>	<u>\$ 2,559,409</u>

Accounts Receivable

Accounts receivable are carried at their estimated collectible amounts. These receivables relate to rent payments to be received from the tenants of the Center. No allowance for doubtful accounts was determined to be required by management at December 31, 2022 and 2021.

Pledges Receivable

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Pledges and contributions received and committed for subsequent years from the annual fund drive held late in the calendar year are recorded as net assets with donor restrictions due to time restriction. These amounts are reflected as net assets released from restrictions during the program year for which the funds were designated.

The Organization uses the allowance method to determine the uncollectible, unconditional pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Receivables are considered uncollectible if (1) over two years outstanding or (2) management has reasons to believe specified amounts will not be collected, usually based on confirmation from donors.

Assets Held by Heritage Fund of Bartholomew County, Inc.

The Organization has placed certain amounts in custodial funds with the Heritage Fund of Bartholomew County, Inc. ("Heritage Fund") and retains a beneficial interest in those assets. The Organization has granted variance power to the Heritage Fund to carry out the purpose of the

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

funds. The investment with the Heritage Fund is measured at fair value in the Consolidated Statements of Financial Position.

Investment income or loss, including realized and unrealized gains and losses on investments, interest, and dividends, is included in miscellaneous revenue in the Consolidated Statements of Activities. The funds are invested in fixed income and equity mutual funds. At December 31, 2022 and 2021, these assets were \$67,857 and \$77,707, respectively.

Property and Equipment

Property and equipment, including expenditures that substantially increase the useful lives of existing assets, are recorded at cost except for donations, which are recorded at fair value at the date of the donation. Costs of ordinary maintenance and repairs are expensed as incurred.

Property and equipment of the Organization are being depreciated over their estimated useful lives ranging from three to thirty-nine years using the straight-line method.

Assets Held for Others

The Organization administers the Individual Development Account (IDA) Program as developed by the Indiana Housing and Community Development Authority (IHCDA). IDAs are matched savings accounts that enable low to moderate-income individuals to save money and build financial assets for specified purposes. These accounts total \$34,477 and \$36,104 at December 31, 2022 and 2021, respectively, and are reported as restricted cash and assets held for others in the Consolidated Statements of Financial Position.

The Organization also serves as fiscal agent of funds for certain organizations. These amounts are reported as restricted cash and assets held for others in the Consolidated Statements of Financial Position and were \$24,698 and \$50,807 at December 31, 2022 and 2021, respectively.

Support, Revenues and Expense Recognition

Contributions are recognized as support in the period the promise is made.

Support and revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

All other revenues are recorded when earned.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the Consolidated Statements of Activities and Consolidated Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The consolidated financial statements report expenses that are attributed to more than one program or supporting function. Those expenses include salaries, payroll taxes, employee benefits, insurance, and supplies. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses are allocated on the basis of estimates of time, effort, and usage. While the methods of allocation are considered appropriate, other methods could produce different results.

Income Taxes

The United Way and the Center are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal taxes on related income pursuant to Section 501(a) of the Code. However, the Organization is subject to income tax on any unrelated business taxable income.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2022 and 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying consolidated financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

As such, the Organization is generally exempt from income taxes. However, the Organization is required to file Federal Form 990 – Return of Organization Exempt from Income Tax which is an informational return only.

Subsequent Events

The Organization has evaluated events or transactions occurring subsequent to the Consolidated Statement of Financial Position date for recognition and disclosure in the accompanying consolidated financial statements through the date the consolidated financial statements are available to be issued, which is September 25, 2023.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

2. CHANGE IN ACCOUNTING PRINCIPLE

On January 1, 2022, the Organization adopted the new lease accounting standard issued by the Financial Accounting Standards Board (FASB) and codified in the Accounting Standards Codification (ASC) as Topic 842 (ASC 842). The lease standard in ASC 842 intended to improve financial reporting about leasing transactions by requiring entities to recognize on the consolidated statement of financial position the assets and liabilities for the rights and obligations created by those leases, and to provide additional disclosures regarding the leases. Leases with terms (as defined in ASC 842) of twelve months or less are not required to be reflected on an entity's consolidated statement of financial position.

The Organization applied the modified retrospective approach to all lease agreements when adopting ASC 842. ASC 842 was applied retrospectively to the beginning of the period of adoption through a cumulative-effect adjustment recognized as of January 1, 2022. Prior period amounts have not been adjusted and continue to be reported in accordance with the previous accounting guidance in ASC 840. The adoption of ASC 842 did not have a material impact on the consolidated statement of financial position or on the consolidated statement of activities and the consolidated statement of cash flows.

3. PLEDGES RECEIVABLE, NET

An analysis of pledges receivable at December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
2020 Campaign due during the year ended December 31, 2021	\$ -0-	\$ 433,269
2021 Campaign due during the year ended December 31, 2022	341,840	2,382,597
2022 Campaign due during the year ended December 31, 2023	<u>3,018,558</u>	<u>-0-</u>
Totals	3,360,398	2,815,866
Less allowance for uncollectible pledges	<u>511,587</u>	<u>557,889</u>
	<u>\$ 2,848,811</u>	<u>\$ 2,257,977</u>

The campaign conducted during the fall of 2021 with pledges due in 2022 is referred to as the 2021 campaign, and the campaign conducted during the fall of 2022 with pledges due in 2023 is referred to as the 2022 campaign.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

4. ASSETS HELD BY HERITAGE FUND OF BARTHOLOMEW COUNTY, INC.

The Organization has assets held at the Heritage Fund as discussed in Note 1.

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 the fair value hierarchy 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 market prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset'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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

- *Assets held by Heritage Fund of Bartholomew County, Inc.:* Valued at fair value as reported by Heritage Fund, which represents the Organization's pro-rata interest in the Heritage Fund's investment pool, substantially all of which are valued on a mark-to-market basis.

The fair value of these assets are measured on a recurring basis using significant unobservable inputs (Level 3) and included in the Consolidated Statements of Financial Position at \$67,857 and \$77,707 at December 31, 2022 and 2021, respectively.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

The following is a reconciliation of activity for 2022 and 2021 for assets measured at fair value based upon significant unobservable inputs (Level 3):

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 77,707	\$ 69,380
Investment return, net	(9,306)	8,974
Administrative fees	<u>(544)</u>	<u>(647)</u>
	<u>\$ 67,857</u>	<u>\$ 77,707</u>

5. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Land	\$ 70,331	\$ 70,331
Building and building improvements	4,438,742	4,438,742
Leasehold improvements	1,913,893	1,926,477
Office furniture and equipment	<u>297,965</u>	<u>390,275</u>
	6,720,931	6,825,825
Less accumulated depreciation	<u>(2,653,645)</u>	<u>(2,526,908)</u>
	<u>\$ 4,067,286</u>	<u>\$ 4,298,917</u>

6. DESIGNATIONS PAYABLE

Designations payable as of December 31, 2022 and 2021 were \$2,200,507 and \$2,331,277, respectively. These amounts consist of donor designations payable to multiple not-for-profit agencies both within and outside of Bartholomew County to assist them in their operations and cause. The total amount recorded as payable as of December 31, 2022 is expected to be paid in 2022 or 2023.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

7. DEBT

Debt consists of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Mortgage payable with Main Source Bank; monthly payments of \$6,412 including interest at 4.59% through August 2027; balloon payment of \$620,599 due September 1, 2027; secured by real estate with a net book value of \$3,023,185 at December 31, 2022 and assignment of rents	\$ 819,834	\$ 857,663
Note repaid in 2022	<u>-0-</u>	<u>13,185</u>
	<u>\$ 819,834</u>	<u>\$ 870,848</u>

Maturities of debt subsequent to December 31, 2022, are as follows:

<u>Year Ending December 31,</u>	
2023	\$ 40,324
2024	42,214
2025	44,193
2026	46,265
2027	<u>646,838</u>
	<u>\$ 819,834</u>

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

8. NET ASSETS WITH DONOR RESTRICTIONS AND NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2022 and 2021 are available to the following purposes:

	2022	2021
Time restrictions related to:		
Annual fund drive	\$ 1,548,577	\$ 1,812,784
Endowed fund	7,000	7,000
Designated purpose restriction related to:		
School supplies program	30,276	39,820
Community impact (UnitedIN20)	-0-	18,969
Community impact (UnitedIN22)	7,641	-0-
COVID relief	-0-	200,563
PremiumLink	96,916	138,420
Other	8,620	21,145
	\$ 1,699,030	\$ 2,238,701

Net assets released from donor restrictions consist of the following during the years ended December 31, 2022 and 2021:

	2022	2021
Purpose restrictions related to:		
School supplies program	\$ 138,851	\$ 33,789
Community impact (UnitedIN20)	18,969	193,414
Community impact (UnitedIN22)	195,359	-0-
COVID Relief	234,401	690,804
PremiumLink	41,504	40,110
Other	42,711	16,942
Time restrictions related to:		
Annual fund drive	1,812,784	1,712,711
	\$ 2,484,579	\$ 2,687,770

9. LEASES AS LESSOR

The Organization leases office space to agencies that occupy the building. These lease terms vary depending on the size and nature of the leases and may include certain renewal options and

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

payment escalation schedules as stated in each lease agreement.

The Organization elected the available practical expedients to account for its existing operating leases as operating leases under the new guidance, without reassessing (a) whether any expired or existing contracts contain a lease, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs, if any, before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement. In addition, the Organization elected the hindsight practical expedient to determine the lease term for existing leases. The Organization also has made a policy election to not separate the lease and non-lease components related to lease agreements, where applicable.

Total rental income under these leases was \$609,883 and \$597,754 for the years ended December 31, 2022 and 2021, respectively, and is included with rent income on the consolidated statements of activities. The Organization leases substantially all of the building to other organizations. A summary of building and building improvements at December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Gross value	\$ 5,828,462	\$ 5,826,006
Less accumulated depreciation	<u>(2,334,994)</u>	<u>(2,161,037)</u>
	<u>\$ 3,493,468</u>	<u>\$ 3,664,969</u>

Future minimal rent income through these leases is as follows:

<u>Year Ending December 31,</u>	
2023	\$ 443,555
2024	273,635
2025	<u>2,000</u>
	<u>\$ 719,190</u>

10. LIQUIDITY

As a fundraising entity, the Organization receives significant contributions each year from donors, which are available to meet annual cash needs for general expenditures. Allocations to agencies are paid monthly over a 12-month period. During that same 12-month period, additional contributions are received from donors.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Financial assets available for general expenditures within one year of the Consolidated Statement of Financial Position date comprise the following:

	<u>2022</u>	<u>2021</u>
Cash	\$ 927,624	\$ 2,472,498
Accounts receivable	17,778	20,846
Pledges receivable, net	2,848,811	2,257,977
Grant receivable	<u>273,481</u>	<u>29,447</u>
	4,067,694	4,780,768
Less restricted for specified purpose	<u>(143,453)</u>	<u>(418,917)</u>
Total financial assets available	<u>\$ 3,924,241</u>	<u>\$ 4,361,851</u>

The pledges receivable are subject to implied time restrictions but are expected to be collected within one year. None of the financial assets above are subject to donor or other contractual restrictions that make them unavailable.

The United Way has a reserve goal of \$350,000 to fund the Organization's funded programs. Funds may only be withdrawn from the reserve account by the authority of the full Board of Directors. The Center also maintains a reserve of at least \$50,000 for future expenditures. At December 31, 2022 and 2021, the aggregate reserve accounts included in the financial assets above are \$333,223 and \$330,962, respectively.

11. CONCENTRATIONS

The Organization is exposed to concentrations of credit risk for pledge amounts due to the vast majority of donors residing in Bartholomew County, Indiana. Although the Organization is directly affected by the well-being of the economy of Bartholomew County, management does not believe significant credit risk exists at December 31, 2022.

The Organization maintains its cash in bank deposit accounts insured by the Federal Deposit Insurance Corporation at its current coverage levels. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash.

The Organization has one employer that accounted for approximately 90% and 83% of pledges receivable as of December 31, 2022 and 2021, respectively, and accounted for approximately 75% and 82% of total gross campaign results revenue during the years ended December 31, 2022 and 2021, respectively.

SUPPLEMENTARY INFORMATION

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

CONSOLIDATED SCHEDULE OF ALLOCATIONS TO AGENCIES
YEARS ENDED DECEMBER 31, 2022 AND 2021

Agency	2022 Allocations	2021 Allocations
Aging and Community Services	\$ 11,100	\$ 12,000
Children, Inc.	183,000	190,000
Columbus Regional Shelter for Victims of Domestic Violence (Turning Point)	232,500	242,500
Community Center of Hope	65,000	72,500
Court Appointed Special Advocates (CASA)	128,000	138,000
Family Services	168,000	178,000
Family School Partners	47,000	55,000
Foundation for Youth	310,000	335,000
Human Services, Inc.	217,000	247,000
Just Friends	18,000	21,000
LifeDesigns	-0-	2,000
Lincoln Central Neighborhood Center	115,000	121,000
Mill Race Center, Inc. (Formerly Retirement Foundation)	58,000	70,000
Sans Souci	145,000	152,000
Su Casa	88,000	62,000
	\$ 1,785,600	\$ 1,898,000

See report of independent auditors on pages 1 through 3.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022**

	United Way of Bartholomew County, Inc.	United Way Center of Bartholomew County, Inc.	Total	Eliminating Entries	Consolidated
Assets					
Cash	\$ 802,992	\$ 124,632	\$ 927,624	\$ -0-	\$ 927,624
Restricted cash	59,175	-0-	59,175	-0-	59,175
Accounts receivable	-0-	17,778	17,778	-0-	17,778
Pledges receivable, net	2,848,811	-0-	2,848,811	-0-	2,848,811
Due from related party	40,915	-0-	40,915	(40,915)	-0-
Grant receivable	273,481	-0-	273,481	-0-	273,481
Other assets	16,282	8,417	24,699	-0-	24,699
Assets held by Heritage Fund of Bartholomew County, Inc.	67,857	-0-	67,857	-0-	67,857
Property and equipment, net	<u>25,389</u>	<u>4,041,897</u>	<u>4,067,286</u>	<u>-0-</u>	<u>4,067,286</u>
Total assets	<u>\$ 4,134,902</u>	<u>\$ 4,192,724</u>	<u>\$ 8,327,626</u>	<u>\$ (40,915)</u>	<u>\$ 8,286,711</u>
Liabilities					
Accounts payable and accrued expenses	\$ 14,011	\$ 4,912	\$ 18,923	\$ -0-	\$ 18,923
Assets held for others	59,175	-0-	59,175	-0-	59,175
Due to related party	-0-	40,915	40,915	(40,915)	-0-
Designations payable	2,200,507	-0-	2,200,507	-0-	2,200,507
Debt	<u>-0-</u>	<u>819,834</u>	<u>819,834</u>	<u>-0-</u>	<u>819,834</u>
Total liabilities	2,273,693	865,661	3,139,354	(40,915)	3,098,439
Net assets					
Without donor restrictions					
Operating	(90,861)	3,246,880	3,156,019	-0-	3,156,019
Operating reserve	<u>253,040</u>	<u>80,183</u>	<u>333,223</u>	<u>-0-</u>	<u>333,223</u>
	162,179	3,327,063	3,489,242	-0-	3,489,242
With donor restrictions					
Restricted for specified purposes	143,453	-0-	143,453	-0-	143,453
Restricted due to time restrictions	1,548,577	-0-	1,548,577	-0-	1,548,577
Endowment fund	<u>7,000</u>	<u>-0-</u>	<u>7,000</u>	<u>-0-</u>	<u>7,000</u>
	<u>1,699,030</u>	<u>-0-</u>	<u>1,699,030</u>	<u>-0-</u>	<u>1,699,030</u>
Total net assets	<u>1,861,209</u>	<u>3,327,063</u>	<u>5,188,272</u>	<u>-0-</u>	<u>5,188,272</u>
	<u>\$ 4,134,902</u>	<u>\$ 4,192,724</u>	<u>\$ 8,327,626</u>	<u>\$ (40,915)</u>	<u>\$ 8,286,711</u>

See report of independent auditors on pages 1 through 3.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions			With Donor Restrictions	
	United Way of Bartholomew County, Inc.	United Way Center of Bartholomew County, Inc.	Eliminating Entries	Total	United Way of Bartholomew County, Inc.
Support and revenues					
Gross campaign results	\$ 423,187	\$ -0-	\$ -0-	\$ 423,187	\$ 3,669,127
Less donor designations	(73,111)	-0-	-0-	(73,111)	(1,880,550)
Less provision for uncollectible accounts	210,522	-0-	-0-	210,522	(240,000)
Net campaign revenue	560,598	-0-	-0-	560,598	1,548,577
Grant and contribution revenue	102,003	0	-0-	102,003	396,331
Interest income	2,912	73	-0-	2,985	-0-
Rent income	-0-	658,373	(48,490)	609,883	-0-
Miscellaneous	(9,850)	10,533	-0-	683	-0-
Net assets released from restrictions	2,484,579	-0-	-0-	2,484,579	(2,484,579)
Total support and revenues	3,140,242	668,979	(48,490)	3,760,731	(539,671)
Expenses					
Program services	2,564,020	883,469	(10,225)	3,437,264	-0-
Management and general	249,582	-0-	(38,265)	211,317	-0-
Fundraising	355,627	-0-	-0-	355,627	-0-
Total expenses	3,169,229	883,469	(48,490)	4,004,208	-0-
Change in net assets	(28,987)	(214,490)	-0-	(243,477)	(539,671)
Net assets, beginning of year	191,166	3,541,553	-0-	3,732,719	2,238,701
Net assets, end of year	\$ 162,179	\$ 3,327,063	\$ -0-	\$ 3,489,242	\$ 1,699,030

See report of independent auditors on pages 1 through 3.