

UNITED WAY OF POSEY COUNTY, INC.

FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020

(With Independent Auditor's Report Thereon)

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
United Way of Posey County, Inc.

Opinion

We have audited the accompanying financial statements of United Way of Posey County, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Posey County, Inc. as of December 31, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

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

Riney Hancock CPA3 PSC

Evansville, Indiana

September 6, 2022

UNITED WAY OF POSEY COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets:		
Cash	\$ 349,704	\$ 290,176
Certificates of deposit	58,821	37,248
Grant receivable	86,078	10,000
Pledges receivable, net	395,547	247,065
Other current assets	<u>1,549</u>	<u>3,513</u>
Total current assets	<u>891,699</u>	<u>588,002</u>
Property and equipment:		
Furniture and equipment	15,169	17,769
Accumulated depreciation	<u>(11,664)</u>	<u>(13,531)</u>
Property and equipment, net	<u>3,505</u>	<u>4,238</u>
Beneficial interest in assets held by others	<u>28,005</u>	<u>25,649</u>
Total assets	<u><u>\$ 923,209</u></u>	<u><u>\$ 617,889</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 5,177	\$ 5,630
Accrued expenses	3,782	3,782
Agency allocations payable	287,984	284,686
Deferred revenue	12,645	-
Designations payable	<u>107,929</u>	<u>103,519</u>
Total current liabilities	<u>417,517</u>	<u>397,617</u>
Net assets:		
Without donor restrictions	75,201	(30,871)
With donor restrictions	<u>430,491</u>	<u>251,143</u>
Total net assets	<u>505,692</u>	<u>220,272</u>
Total liabilities and net assets	<u><u>\$ 923,209</u></u>	<u><u>\$ 617,889</u></u>

See Notes to Financial Statements.

UNITED WAY OF POSEY COUNTY, INC.

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Campaign revenue:						
Contributions	\$ 250,769	\$ 419,127	\$ 669,896	\$ 53,723	\$ 291,186	\$ 344,909
Less:						
Donor designations	-	(104,847)	(104,847)	-	(100,275)	(100,275)
Provision for uncollectible accounts	-	(20,000)	(20,000)	-	(20,000)	(20,000)
Net campaign revenue	250,769	294,280	545,049	53,723	170,911	224,634
Other revenue:						
Grants and other income	7,674	62,887	70,561	16,186	-	16,186
Designations from other United Ways	9,607	45,319	54,926	12,452	54,583	67,035
PPP loan forgiveness	21,915	-	21,915	8,700	-	8,700
Employee retention tax credit	38,362	-	38,362	10,000	-	10,000
Service fees	1,509	-	1,509	1,572	-	1,572
Investment income	2,064	-	2,064	1,606	-	1,606
Gain on sale of equipment	300	-	300	-	-	-
Change in beneficial interest in assets held by others	-	2,356	2,356	-	2,448	2,448
Net assets released from restrictions	225,494	(225,494)	-	412,573	(412,573)	-
Total support and revenue	557,694	179,348	737,042	516,812	(184,631)	332,181
Expenses:						
Program services:						
Gross funds awarded	391,147	-	391,147	461,792	-	461,792
Less donor designations	(100,275)	-	(100,275)	(95,334)	-	(95,334)
Net funds awarded	290,872	-	290,872	366,458	-	366,458
Other program services	66,192	-	66,192	65,530	-	65,530
Supporting services:						
Management and general	62,440	-	62,440	61,634	-	61,634
Fundraising	32,118	-	32,118	29,856	-	29,856
Total expenses	451,622	-	451,622	523,478	-	523,478
Change in net assets	106,072	179,348	285,420	(6,666)	(184,631)	(191,297)
Net assets, beginning of year	(30,871)	251,143	220,272	(24,205)	435,774	411,569
Net assets, end of year	\$ 75,201	\$ 430,491	\$ 505,692	\$ (30,871)	\$ 251,143	\$ 220,272

See Notes to Financial Statements.

UNITED WAY OF POSEY COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31, 2021 and 2020

	2021				2020			
	Program Services	Support Services Management & General	Fund Raising	Total	Program Services	Support Services Management & General	Fund Raising	Total
Allocations to agencies	\$ 391,147	\$ -	\$ -	\$ 391,147	\$ 461,792	\$ -	\$ -	\$ 461,792
Less donor designations	(100,275)	-	-	(100,275)	(95,334)	-	-	(95,334)
Net allocations	290,872	-	-	290,872	366,458	-	-	366,458
Salaries	43,991	42,891	23,096	109,978	35,415	34,530	18,593	88,538
Contract labor	-	-	-	0	9,120	8,892	4,788	22,800
Payroll taxes	3,360	3,276	1,764	8,400	2,557	2,493	1,343	6,393
Salaries and benefits	47,351	46,167	24,860	118,378	47,092	45,915	24,724	117,731
Contract fees	2,362	-	-	2,362	2,935	-	-	2,935
Depreciation	293	286	154	733	156	152	81	389
Insurance	1,495	1,457	785	3,737	1,540	1,501	808	3,849
Miscellaneous	740	721	388	1,849	135	132	71	338
Occupancy	2,520	2,457	1,323	6,300	2,520	2,457	1,323	6,300
Office	1,626	1,585	853	4,064	1,376	1,341	722	3,439
Professional fees	-	8,898	-	8,898	-	9,280	-	9,280
Special events	-	-	2,605	2,605	-	-	1,219	1,219
State UW Dues	1,506	120	-	1,626	1,749	140	-	1,889
Supplies	-	-	731	731	-	-	506	506
Telephone	534	521	281	1,336	509	496	268	1,273
UWW dues	7,765	228	138	8,131	7,518	220	134	7,872
	<u>\$ 357,064</u>	<u>\$ 62,440</u>	<u>\$ 32,118</u>	<u>\$ 451,622</u>	<u>\$ 431,988</u>	<u>\$ 61,634</u>	<u>\$ 29,856</u>	<u>\$ 523,478</u>

See Notes to Financial Statements.

UNITED WAY OF POSEY COUNTY, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 285,420	\$ (191,297)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	733	389
Change in beneficial interest in assets held by others	(2,356)	(2,448)
Provision for bad debts	20,000	20,000
Gain on sale of equipment	(300)	-
Decrease (increase) in assets:		
Grants receivable	(76,078)	54,278
Pledges receivable, net	(168,482)	187,056
Other current assets	1,964	(1,516)
Increase (decrease) in liabilities:		
Accounts payable	(453)	755
Accrued expenses	-	1,969
Agency allocations payable	4,410	2,488
Deferred revenue	12,645	-
Designations payable	3,298	(9,400)
	<u>80,801</u>	<u>62,274</u>
Cash flows from investing activities:		
Net redemptions (purchases) of certificates of deposit	(21,573)	39,100
Proceeds from sale of equipment	300	-
Purchases of property and equipment	-	(4,627)
	<u>(21,273)</u>	<u>34,473</u>
Net cash provided by (used in) investing activities		
Net increase in cash	59,528	96,747
Cash, beginning of year	290,176	193,429
Cash, end of year	\$ 349,704	\$ 290,176

See Notes to Financial Statements.

UNITED WAY OF POSEY COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020

1. **Organization and Summary of Significant Accounting Policies**

Nature of Organization

The United Way of Posey County, Inc. (United Way) is a nonprofit organization created in August 1962 to provide visionary leadership and assess community needs, mobilize resources, and direct those resources toward services which enhance the quality of life for people living in Posey County, Indiana. To accomplish this, United Way conducts an annual campaign in the fall of each year to raise support for allocations to participating agencies in the subsequent calendar year.

Cash, Cash Equivalents, and Restricted Cash

United Way considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to long-term purposes are excluded from this definition. United Way had no cash equivalents or restricted cash at December 31, 2021 or 2020.

Pledges and Grants Receivable

Pledges receivable consist of unconditional promises to give, which are due within one year, for which the net receivable value is a reasonable estimate of the fair value. Amounts pledged during the annual campaign period are recorded as net assets with donor restrictions, since the funds are raised with the stipulation that they be used in the subsequent year. The allowance for doubtful accounts is based on management's evaluation of the collectibility of promises to give. In determining the allowance, management regularly evaluates promises to give and considers financial condition, credit history, and economic factors.

A grant receivable is recognized to the extent that performance requirements specified by the grant are met. No allowance for doubtful accounts is considered necessary due to the nature of the relationship with the grantor.

Beneficial Interest in Assets Held by Others

The beneficial interest in assets held by others, which consists of assets contributed to a community foundation in which United Way specified itself as the beneficiary, is carried at fair market value. These assets are not subject to control or direction by United Way. Distributions of income from the community foundation are reported as investment income. Gains and losses, which are not distributed by the community foundation, are reflected as the change in value of beneficial interests in perpetual trusts held by others in the statements of activities.

UNITED WAY OF POSEY COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020

1. **Organization and Summary of Significant Accounting Policies, Continued**

Furniture and Equipment

Furniture and equipment are recorded at cost. Expenditures in excess of \$500 are capitalized. Donated furniture and equipment are recorded at fair value on the date of donation. If donors stipulate a time period during which the assets must be used, the contributions are recorded as increases in net assets with donor restrictions. In the absence of such stipulations, contributions of furniture and equipment are recorded as increases in net assets without donor restrictions. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of United Way's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of United Way or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Contributions and Grants

Contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions made to United Way which are designated by the donor to a specified organization, are deducted from gross campaign revenues.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

UNITED WAY OF POSEY COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020

1. **Organization and Summary of Significant Accounting Policies, Continued**

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. No significant contributions of such goods or services were received during the years ended December 31, 2021 and 2020.

Advertising

United Way expenses the costs of advertising as incurred.

Income Taxes

The Organization is exempt from income taxes as a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. United Way believes that it has support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Functional Allocation of Expenses

Expenses are presented according to their functional classification of program or supporting services in the statement of functional expenses. Allocable expenses are spread using the time and effort method. Program services consist of grant distribution, grant monitoring, and grant outcomes. Supporting services consist of fundraising, marketing and communications, and management and general expenses.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

UNITED WAY OF POSEY COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020

2. Liquidity and Availability of Financial Assets

The following represents United Way's financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures at December 31:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash	\$ 349,704	\$ 290,176
Certificates of deposit	58,821	37,248
Grant receivable	23,191	10,000
Pledges receivable, net	<u>395,547</u>	<u>247,065</u>
 Total financial assets	 <u>\$ 827,263</u>	 <u>\$ 584,489</u>

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

3. Pledges Receivable

Pledges receivable consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Pledges receivable:		
Current campaign	\$ 379,458	\$ 246,265
Prior campaign	<u>55,049</u>	<u>52,024</u>
	<u>434,507</u>	<u>298,289</u>
 Allowance for uncollectible pledges:		
Current campaign	20,000	20,000
Prior campaign	<u>18,960</u>	<u>31,224</u>
	<u>38,960</u>	<u>51,224</u>
 Pledges receivable, net	 <u>\$ 395,547</u>	 <u>\$ 247,065</u>

UNITED WAY OF POSEY COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020

4. Beneficial Interest in Assets Held by Others and Fair Value

United Way contributed funds to the Community Foundation Alliance (CFA) and specified itself as the beneficiary. Income is to be distributed to the United Way for unrestricted purposes and the principal must remain intact for perpetuity. CFA was granted variance power to modify any restriction or condition of the distribution of the funds for any specified charitable purposes or to specified organizations if such restriction becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community and area served.

The fair value of the beneficial interest in assets held by others is measured on a recurring basis using the unadjusted fair value of the assets held in the fund as reported by the trustee. The Organization considers the measurement of its beneficial interest to be a Level 3 input (based on significant unobservable inputs) because the Organization will never receive those assets or have the ability to direct the trustee to redeem them.

The table below presents information about the fair value of the beneficial interest in assets held by others for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Beginning of year	\$ 25,649	\$ 23,201
Change in value	<u>2,356</u>	<u>2,448</u>
End of year	<u>\$ 28,005</u>	<u>\$ 25,649</u>

5. Allocations Payable for Future Campaign

In December of each year, United Way's board approves allocations to be paid to agencies for the following year. Allocations of \$287,984 and \$284,686 had been approved for the following year and recorded as a liability at December 31, 2021 and 2020, respectively.

6. Leases

United Way leases facilities under a noncancelable operating agreement. Total rent expense was \$6,300 for each of the years ended December 31, 2021 and 2020. Future minimum lease payments are \$3,150 for the year ended December 31, 2022.

UNITED WAY OF POSEY COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020

7. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Passage of time:		
Pledges receivable, net	\$ 339,599	\$ 225,494
Grant receivable	62,887	-
Net assets to be maintained in perpetuity:		
Beneficial interest in assets held by others	<u>28,005</u>	<u>25,649</u>
Total net assets with donor restrictions	<u>\$ 430,491</u>	<u>\$ 251,143</u>

Net assets released from time restrictions were \$225,494 and \$412,573 for the years ended December 31, 2021 and 2020, respectively.

8. Payroll Protection Program (PPP) Loan

In May 2020, United Way qualified for and received a loan for \$8,700 pursuant to the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. United Way accounted for the PPP loan in accordance with FASB ASC 958-605 as revenue for the year ended December 31, 2020 due to the conditions being substantially met by December 31, 2020. In May 2021, United Way received loan forgiveness for the full amount of this loan.

In March 2021, the Club qualified and received a second PPP loan in the amount of \$21,915. United Way accounted for the PPP Loan in accordance with FASB ASC 958-605 as revenue for the year ended December 31, 2021. In March 2022, United Way received loan forgiveness for the full amount of this loan.

9. Risks and Uncertainties

Financial instruments that potentially subject United Way to credit risk consist principally of cash on deposit at financial institutions and pledges receivable, which represent unsecured support. Cash in banks may, at times, exceed federal deposit insurance limits. United Way attempts to minimize this risk by using high-credit quality financial institutions. Pledges receivable are periodically reviewed by management for their collectibility and an allowance for doubtful accounts is established, as deemed necessary.

UNITED WAY OF POSEY COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020

9. Risks and Uncertainties, Continued

United Way has contributions from one corporate donor and its employees which represented 40% and 39% of campaign contributions for the years ended December 31, 2021 and 2020, respectively, and 50% and 49% of outstanding pledges receivable at December 31, 2021 and 2020, respectively.

The ongoing COVID-19 pandemic has caused an economic downturn on a global scale, disrupted global supply chains, and created significant uncertainty, volatility, and disruption across economies and financial markets. The extent of the impact of COVID-19 on the Club's business and financial results will depend on future developments, including the duration and spread of the outbreak within the markets in which the Club operates and the related impact on consumer confidence and spending, all of which are highly uncertain.

10. Recently Issued Accounting Pronouncements

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. Under ASU 2016-02, a lessee will recognize in the statement of financial position a liability to make lease payments and a right-to-use asset representing its right to use the underlying asset for the lease term for all leases with a lease term of more than 12 months. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from current GAAP. The amendments of this ASU are effective for reporting periods beginning after December 15, 2021, with early adoption permitted. An entity will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. Management is currently assessing the impact the adoption of this ASU will have on its financial statements.

11. Subsequent Events

United Way has evaluated subsequent events through September 6, 2022, the date the financial statements were available to be issued.