

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

CONSOLIDATED FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2019 AND 2018

CPAs / ADVISORS



UNITED WAY OF BARTHOLOMEW COUNTY, INC.

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DECEMBER 31, 2019 AND 2018

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REPORT OF INDEPENDENT AUDITORS

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the United Way of Bartholomew County, Inc. (the "Organization") which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, 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.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 the consolidated 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 consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2019 and 2018, 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.

Report on Supplementary and Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on page 21 is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. The consolidating information on pages 22 and 23 is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual organizations, and is 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 audits 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

August 27, 2020

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

ASSETS

	2019	2018
Cash	\$ 2,151,811	\$ 2,241,471
Restricted cash	73,381	84,157
Accounts receivable	3,551	3,459
Pledges receivable, net	2,009,070	2,049,985
Grant receivable	-0-	296,348
Other receivables	17,853	-0-
Other assets	20,975	12,718
Assets held by Heritage Fund of Bartholomew County, Inc.	62,866	52,642
Property and equipment, net	<u>4,743,188</u>	<u>4,910,135</u>
	<u>\$ 9,082,695</u>	<u>\$ 9,650,915</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses	\$ 22,473	\$ 21,300
Assets held for others	73,381	84,157
Designations payable	1,616,080	1,739,291
Deferred revenue	-0-	199,418
Debt	<u>971,009</u>	<u>1,017,884</u>
Total liabilities	2,682,943	3,062,050
Net assets		
Without donor restrictions		
Operating	3,658,829	3,816,262
Operating reserve	<u>293,223</u>	<u>328,579</u>
	3,952,052	4,144,841
With donor restrictions		
Restricted for specified purposes	80,518	40,614
Restricted due to time restrictions	2,360,182	2,396,410
Endowed fund	<u>7,000</u>	<u>7,000</u>
	<u>2,447,700</u>	<u>2,444,024</u>
Total net assets	<u>6,399,752</u>	<u>6,588,865</u>
	<u>\$ 9,082,695</u>	<u>\$ 9,650,915</u>

See accompanying notes to consolidated financial statements.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2019

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Totals
Support and revenues				
Gross campaign results	\$ 472,237	\$ 3,790,939	\$ 4,263,176	\$ 4,100,349
Less donor designations	(105,383)	(1,220,757)	(1,326,140)	(1,252,644)
Less provision for uncollectible accounts	56,943	(210,000)	(153,057)	(140,589)
Net campaign results	<u>423,797</u>	<u>2,360,182</u>	<u>2,783,979</u>	<u>2,707,116</u>
Grant and contribution revenue	415,689	65,590	481,279	579,195
Interest income	7,019	-0-	7,019	3,110
Rent income	579,128	-0-	579,128	532,983
Loss on disposal of property and equipment	(3,359)	-0-	(3,359)	-0-
Miscellaneous	11,072	-0-	11,072	2,429
Net assets released from restrictions	<u>2,422,096</u>	<u>(2,422,096)</u>	<u>-0-</u>	<u>-0-</u>
Total support and revenues	<u>3,855,442</u>	<u>3,676</u>	<u>3,859,118</u>	<u>3,824,833</u>
Expenses				
Program services	3,607,506	-0-	3,607,506	3,659,867
Management and general	167,928	-0-	167,928	151,185
Fundraising	<u>272,797</u>	<u>-0-</u>	<u>272,797</u>	<u>232,040</u>
Total expenses	<u>4,048,231</u>	<u>-0-</u>	<u>4,048,231</u>	<u>4,043,092</u>
Change in net assets	(192,789)	3,676	(189,113)	(218,259)
Net assets, beginning of year	<u>4,144,841</u>	<u>2,444,024</u>	<u>6,588,865</u>	<u>6,807,124</u>
Net assets, end of year	<u>\$ 3,952,052</u>	<u>\$ 2,447,700</u>	<u>\$ 6,399,752</u>	<u>\$ 6,588,865</u>

See accompanying notes to consolidated financial statements.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Gross campaign results	\$ 325,522	\$ 3,774,827	\$ 4,100,349
Less donor designations	(74,227)	(1,178,417)	(1,252,644)
Less provision for uncollectible accounts	59,411	(200,000)	(140,589)
Net campaign results	310,706	2,396,410	2,707,116
Grant and contribution revenue	560,307	18,888	579,195
Interest income	3,110	-0-	3,110
Rent income	532,983	-0-	532,983
Miscellaneous	2,429	-0-	2,429
Net assets released from restrictions	2,530,693	(2,530,693)	-0-
Total support and revenues	3,940,228	(115,395)	3,824,833
Expenses			
Program services	3,659,867	-0-	3,659,867
Management and general	151,185	-0-	151,185
Fundraising	232,040	-0-	232,040
Total expenses	4,043,092	-0-	4,043,092
Change in net assets	(102,864)	(115,395)	(218,259)
Net assets, beginning of year	4,247,705	2,559,419	6,807,124
Net assets, end of year	\$ 4,144,841	\$ 2,444,024	\$ 6,588,865

See accompanying notes to consolidated financial statements.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018)

	2019					2018			
	Program				Total	Management and General	Fundraising	Total	Total
	Agency & Community Services	United Way Center	Volunteer Action Center	211 South Central Indiana					
Agency allocations	\$ 1,949,988	\$ -0-	\$ -0-	\$ -0-	\$ 1,949,988	\$ -0-	\$ -0-	\$ 1,949,988	\$ 1,924,973
Salaries	314,260	201,457	40,301	82,177	638,195	52,477	169,425	860,097	842,565
Payroll taxes, payroll administrative fees and employee benefits	83,341	50,550	5,332	15,228	154,451	16,879	36,380	207,710	199,942
Agency development	16,300	-0-	-0-	-0-	16,300	-0-	-0-	16,300	21,419
Professional fees	47,765	8,293	2,787	2,529	61,374	40,203	33,904	135,481	80,873
Advertising	-0-	-0-	-0-	-0-	-0-	-0-	2,048	2,048	4,786
Supplies	9,332	29,851	3,038	1,678	43,899	2,974	2,347	49,220	48,966
Dues and subscriptions	15,388	334	1,090	1,191	18,003	26,748	14,663	59,414	73,759
Printing and postage	1,867	-0-	55	48	1,970	345	2,973	5,288	6,054
Telephone	3,060	-0-	432	720	4,212	814	-0-	5,026	5,656
Equipment rent	2,042	-0-	4,427	8	6,477	298	1,423	8,198	12,565
Utilities	-0-	155,194	-0-	-0-	155,194	-0-	-0-	155,194	139,267
Insurance	114	23,035	272	-0-	23,421	6,941	-0-	30,362	29,264
Conferences and meetings	7,657	28	645	298	8,628	8,634	2,773	20,035	32,327
Miscellaneous	2,622	540	-0-	111	3,273	300	6,001	9,574	5,862
Repairs and maintenance	-0-	64,973	-0-	-0-	64,973	-0-	-0-	64,973	47,259
Travel	339	1,144	527	740	2,750	3,775	860	7,385	9,314
Interest	-0-	46,098	-0-	-0-	46,098	-0-	-0-	46,098	48,260
Depreciation	-0-	229,293	-0-	-0-	229,293	5,500	-0-	234,793	235,590
Special projects	4,624	-0-	959	-0-	5,583	2,040	-0-	7,623	26,617
Special events	-0-	-0-	15,403	-0-	15,403	-0-	-0-	15,403	8,190
School supply expenses	25,686	-0-	-0-	-0-	25,686	-0-	-0-	25,686	21,672
Insurance premium assistance	57,733	-0-	-0-	-0-	57,733	-0-	-0-	57,733	63,207
Partner/initiative investments	74,602	-0-	-0-	-0-	74,602	-0-	-0-	74,602	154,705
	<u>\$ 2,616,720</u>	<u>\$ 810,790</u>	<u>\$ 75,268</u>	<u>\$ 104,728</u>	<u>\$ 3,607,506</u>	<u>\$ 167,928</u>	<u>\$ 272,797</u>	<u>\$ 4,048,231</u>	<u>\$ 4,043,092</u>

See accompanying notes to consolidated financial statements.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018**

	Program				Total	Management and General	Fundraising	Total
	Agency & Community Services	United Way Center	Volunteer Action Center	211 South Central Indiana				
Agency allocations	\$ 1,924,973	\$ -0-	\$ -0-	\$ -0-	\$ 1,924,973	\$ -0-	\$ -0-	\$ 1,924,973
Salaries	291,918	176,882	29,488	158,388	656,676	37,138	148,751	842,565
Payroll taxes, payroll administrative fees and employee benefits	72,985	47,498	4,814	30,875	156,172	12,093	31,677	199,942
Agency development	21,419	-0-	-0-	-0-	21,419	-0-	-0-	21,419
Professional fees	26,236	11,212	1,276	10,472	49,196	15,202	16,475	80,873
Advertising	152	-0-	410	1,061	1,623	431	2,732	4,786
Supplies	3,132	23,668	1,467	2,569	30,836	10,783	7,347	48,966
Dues and subscriptions	17,081	296	-0-	8,562	25,939	32,725	15,095	73,759
Printing and postage	1,385	31	150	164	1,730	2,829	1,495	6,054
Telephone	968	-0-	864	1,818	3,650	2,006	-0-	5,656
Equipment rent	2,009	-0-	9,193	45	11,247	331	987	12,565
Utilities	-0-	139,267	-0-	-0-	139,267	-0-	-0-	139,267
Insurance	-0-	22,784	-0-	-0-	22,784	6,480	-0-	29,264
Conferences and meetings	17,581	320	616	1,180	19,697	8,040	4,590	32,327
Miscellaneous	2,264	460	-0-	264	2,988	471	2,403	5,862
Repairs and maintenance	-0-	47,259	-0-	-0-	47,259	-0-	-0-	47,259
Travel	2,799	785	-0-	2,660	6,244	2,582	488	9,314
Interest	-0-	48,260	-0-	-0-	48,260	-0-	-0-	48,260
Depreciation	-0-	224,740	-0-	500	225,240	10,350	-0-	235,590
Special projects	16,893	-0-	-0-	-0-	16,893	9,724	-0-	26,617
Special events	-0-	-0-	8,190	-0-	8,190	-0-	-0-	8,190
School supply expenses	21,672	-0-	-0-	-0-	21,672	-0-	-0-	21,672
Insurance premium assistance	63,207	-0-	-0-	-0-	63,207	-0-	-0-	63,207
Partner/initiative investments	154,705	-0-	-0-	-0-	154,705	-0-	-0-	154,705
	<u>\$ 2,641,379</u>	<u>\$ 743,462</u>	<u>\$ 56,468</u>	<u>\$ 218,558</u>	<u>\$ 3,659,867</u>	<u>\$ 151,185</u>	<u>\$ 232,040</u>	<u>\$ 4,043,092</u>

See accompanying notes to consolidated financial statements.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Operating activities		
Change in net assets	\$ (189,113)	\$ (218,259)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	234,793	235,590
Loss on disposal of property and equipment	3,359	-0-
Provision for uncollectible accounts	153,057	140,589
Unrealized loss (gain) on assets held by Heritage Fund of Bartholomew County, Inc.	(10,224)	4,537
Changes in assets and liabilities:		
Accounts receivable	(92)	6,927
Pledges receivable	(112,142)	123,703
Grant receivable	296,348	(296,348)
Other receivables	(17,853)	3,791
Other assets	(8,257)	(4,985)
Accounts payable and accrued expenses	1,173	(53,418)
Assets held for others	(10,776)	2,520
Designations payable	(123,211)	3,662
Deferred revenue	(199,418)	81,510
Net cash flows from operating activities	<u>17,644</u>	<u>29,819</u>
Investing activities		
Purchase of property and equipment	(71,205)	(494,943)
Contributions to assets held by Heritage Fund of Bartholomew County, Inc.	-0-	(335)
Net cash flows from investing activities	<u>(71,205)</u>	<u>(495,278)</u>
Financing activities		
Principal payments of debt	(46,875)	(44,830)
Net cash flows from financing activities	<u>(46,875)</u>	<u>(44,830)</u>
Net change in cash and restricted cash	(100,436)	(510,289)
Cash and restricted cash, beginning of year	<u>2,325,628</u>	<u>2,835,917</u>
Cash and restricted cash, end of year	<u>\$ 2,225,192</u>	<u>\$ 2,325,628</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 46,098	\$ 48,260

See accompanying notes to consolidated financial statements.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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, 2019 and 2018.

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, 2019 AND 2018

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.

Effective January 1, 2019, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230) – Restricted Cash* which requires that restricted cash be included in beginning and ending cash in the Consolidated Statements of Cash Flows. The adoption of this ASU resulted in the reclassification of certain items related to restricted cash in the Consolidated Statements of Cash Flows for the years ended December 31, 2019 and 2018, and enhanced disclosures related to cash and restricted cash. There was no impact to the Consolidated Statements of Financial Position or the Consolidated Statements of Activities as a result of adopting this ASU.

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>2019</u>	<u>2018</u>
Cash	\$ 2,151,811	\$ 2,241,471
Restricted cash	<u>73,381</u>	<u>84,157</u>
Total cash and restricted cash	<u>\$ 2,225,192</u>	<u>\$ 2,325,628</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, 2019 and 2018.

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

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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 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, 2019 and 2018, these assets were \$62,866 and \$52,642, 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 \$25,198 and \$52,407 at December 31, 2019 and 2018, 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 \$48,183 and \$31,750 at December 31, 2019 and 2018, respectively.

Deferred Revenue

Deferred revenue represents funds received in advance of the period in which the related services will be provided.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

Effective January 1, 2019, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU require that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. In accordance with ASU 2018-08, the Organization has adopted the requirements using the modified prospective approach, which applies to the portion of agreements at the effective date that had not previously been recognized and any new agreements after the effective date. Since the grants previously recognized as deferred revenue do not contain a barrier to overcome, the remaining unrecognized portion of these grants of \$199,418 as of December 31, 2018, is recognized in 2019 as contributions with donor restrictions.

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.

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.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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, 2019 and 2018, 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.

Going Concern Evaluation

Management evaluates whether there are conditions or events that raise substantial doubt about the Organization's ability to continue as a going concern for a period of one year from the date the consolidated financial statements are available to be issued.

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 August 27, 2020.

On March 11, 2020, the World Health Organization declared Coronavirus (COVID-19) a pandemic. The continued spread of COVID-19, or any similar outbreaks in the future, may adversely impact the local, regional, national and global economies. The extent to which COVID-19 impacts the Organization's operating results is dependent on the breadth and duration of the pandemic and could be affected by other factors management is not currently able to predict. Potential impacts include, but are not limited to, additional costs for responding to COVID-19, increased demand for services, delays, loss of, or reduction to, revenue, contributions and funding. Management believes the Organization is taking appropriate actions to respond to the pandemic, however, the full impact is unknown and cannot be reasonably estimated at the date the consolidated financial statements were available to be issued.

Subsequent to the Consolidated Statement of Financial Position date, the United Way received a low interest loan in the amount of \$187,363 under the Paycheck Protection Program (PPP) administered by the Small Business Administration. The PPP loan is unsecured, bears interest at 1%, and funds advanced under the program are subject to forgiveness, if certain criteria are met with the remaining balance repayable within five years of disbursement. The PPP loan may be forgivable to the extent that employers incur and spend the funds on qualified expenditures,

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

which include payroll, employee health insurance, rent, utilities and interest costs during the covered period as defined in the PPP guidance. In addition, employers must maintain specified employment and wage levels during the pandemic, and submit adequate documentation of such expenditures to qualify for loan forgiveness.

Subsequent to the Consolidated Statement of Financial Position date, the United Way received a \$500,000 grant as part of Indiana United Way's COVID-19 Economic Relief Initiative ("ERI"). The ERI funds are distributed to those communities through grants administered by and in cooperation with Local United Ways and their designated partners. The grant is effective through March 31, 2022.

2. PLEDGES RECEIVABLE, NET

An analysis of pledges receivable at December 31, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
2017 Campaign due during the year ended December 31, 2018	\$ -0-	\$ 349,207
2018 Campaign due during the year ended December 31, 2019	346,747	2,085,438
2019 Campaign due during the year ended December 31, 2020	<u>2,083,256</u>	<u>-0-</u>
Totals	2,430,003	2,434,645
Less allowance for uncollectible pledges	<u>420,933</u>	<u>384,660</u>
	<u>\$ 2,009,070</u>	<u>\$ 2,049,985</u>

The campaign conducted during the fall of 2018 with pledges due in 2019 is referred to as the 2018 campaign, and the campaign conducted during the fall of 2019 with pledges due in 2020 is referred to as the 2019 campaign.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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

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

Effective January 1, 2019, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments in this ASU removed certain disclosure requirements in Topic 820. As such, the fair value measurement disclosures have been updated for these changes.

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, 2019 and 2018.

- *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.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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 \$62,866 and \$52,642 at December 31, 2019 and 2018, respectively.

The following is a reconciliation of activity for 2019 and 2018 for assets measured at fair value based upon significant unobservable inputs (Level 3):

	2019	2018
Beginning balance	\$ 52,642	\$ 56,844
Contributions	-0-	335
Investment return, net	10,836	(3,968)
Administrative fees	(612)	(569)
	<u>\$ 62,866</u>	<u>\$ 52,642</u>

4. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2019 and 2018 is as follows:

	2019	2018
Land	\$ 60,931	\$ 60,931
Building and building improvements	4,438,742	4,438,742
Leasehold improvements	1,907,497	1,855,428
Office furniture and equipment	365,195	417,454
	<u>6,772,365</u>	<u>6,772,555</u>
Less accumulated depreciation	(2,029,177)	(1,862,420)
	<u>\$ 4,743,188</u>	<u>\$ 4,910,135</u>

5. DESIGNATIONS PAYABLE

Designations payable as of December 31, 2019 and 2018 were \$1,616,080 and \$1,739,291, 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, 2019 is expected to be paid in 2020 or 2021.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

6. DEFERRED REVENUE

Deferred revenue consists of the following at December 31, 2018:

UnitedIN16 (Indiana Association of United Ways)	\$	30,791
PremiumLink		99,583
Avenues		<u>69,044</u>
	\$	<u>199,418</u>

7. DEBT

Debt consists of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</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 \$3,369,424 at December 31, 2019 and assignment of rents	\$ 928,131	\$ 961,044
Note payable with Centra Credit Union; monthly payments of \$1,336 including interest at 4.1% through October 2022; secured by equipment with a net book value of \$55,982 at December 31, 2019	<u>42,878</u>	<u>56,840</u>
	<u>\$ 971,009</u>	<u>\$ 1,017,884</u>

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Maturities of debt subsequent to December 31, 2019, are as follows:

<u>Year Ending December 31,</u>	
2020	\$ 49,689
2021	51,949
2022	51,698
2023	40,324
2024	42,214
Thereafter	<u>735,135</u>
	<u>\$ 971,009</u>

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

Net assets with donor restrictions at December 31, 2019 and 2018 are available to the following purposes:

	<u>2019</u>	<u>2018</u>
Time restrictions related to:		
Annual fund drive	\$ 2,360,182	\$ 2,396,410
Endowed fund	7,000	7,000
Designated purpose restriction related to:		
School supplies program	42,124	40,614
Avenues to Opportunity	<u>38,394</u>	<u>-0-</u>
	<u>\$ 2,447,700</u>	<u>\$ 2,444,024</u>

Net assets released from donor restrictions consist of the following during the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Purpose restrictions related to:		
School supplies program	\$ 25,686	\$ 21,672
Time restrictions related to:		
Annual fund drive	<u>2,396,410</u>	<u>2,509,021</u>
	<u>\$ 2,422,096</u>	<u>\$ 2,530,693</u>

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

9. RENT INCOME

The Organization leases office space to agencies that occupy the building. These lease terms vary depending on the size and nature of the leases. During the years ended December 31, 2019 and 2018, the Organization had rental income of \$624,188 and \$532,983, respectively. The Organization leases substantially all of the building to other organizations. A summary of building and building improvements at December 31, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Gross value	\$ 4,882,077	\$ 4,831,309
Less accumulated depreciation	<u>(1,293,583)</u>	<u>(1,146,477)</u>
	<u>\$ 3,588,494</u>	<u>\$ 3,684,832</u>

The future lease payments to be received are as follows:

<u>Year Ending December 31,</u>	
2020	\$ 549,811
2021	150,640
2022	88,200
2023	13,200
2024	<u>2,200</u>
	<u>\$ 804,051</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, 2019 AND 2018

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

	2019	2018
Cash	\$ 2,151,811	\$ 2,241,471
Accounts receivable	3,551	3,459
Pledges receivable, net	2,009,070	2,049,985
Other receivables	<u>17,853</u>	<u>296,348</u>
	4,182,285	4,591,263
Less restricted for specified purpose	<u>(80,518)</u>	<u>(40,614)</u>
Total financial assets available	<u>\$ 4,101,767</u>	<u>\$ 4,550,649</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 maintains a reserve which represents at least 10 percent of the cost of 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, 2019 and 2018, the reserve accounts included in the financial assets above is \$293,223 and \$328,579, 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, 2019.

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 67% and 69% of pledges receivable as of December 31, 2019 and 2018, respectively, and accounted for approximately 77% of total revenue during the years ended December 31, 2019 and 2018.

SUPPLEMENTARY INFORMATION

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

CONSOLIDATED SCHEDULE OF ALLOCATIONS TO AGENCIES
YEARS ENDED DECEMBER 31, 2019 AND 2018

Agency	2019 Allocations	2018 Allocations
Aging and Community Services	\$ 19,730	\$ 12,105
Bartholomew Area Legal Aid	50,000	50,000
Children, Inc.	195,000	170,000
Columbus Regional Shelter for Victims of Domestic Violence (Turning Point)	250,000	249,000
Community Center of Hope	89,258	101,868
Court Appointed Special Advocates (CASA)	158,000	155,000
Developmental Services, Inc.	30,000	45,000
Family Services	160,000	157,000
Family School Partners	62,000	70,000
Foundation for Youth	390,000	403,000
Girl Scouts - United States of America (Tulip Trace Council)	3,000	3,500
Human Services, Inc.	189,000	229,000
Just Friends	27,000	27,000
LifeDesigns	20,000	25,000
Lincoln Central Neighborhood Center	50,000	50,000
Mill Race Center, Inc. (Formerly Retirement Foundation)	87,000	85,000
Sans Souci	90,000	92,500
State Street Association	5,000	-0-
Su Casa	75,000	-0-
	\$ 1,949,988	\$ 1,924,973

See report of independent auditors on pages 1 and 2.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019**

	United Way of Bartholomew County, Inc.	United Way Center of Bartholomew County, Inc.	Total	Eliminating Entries	Consolidated
Assets					
Cash	\$ 2,031,170	\$ 120,641	\$ 2,151,811	\$ -0-	\$ 2,151,811
Restricted cash	73,381	-0-	73,381	-0-	73,381
Accounts receivable	-0-	3,551	3,551	-0-	3,551
Pledges receivable, net	2,009,070	-0-	2,009,070	-0-	2,009,070
Due from related party	24,060	-0-	24,060	(24,060)	-0-
Other receivables	17,853	-0-	17,853	-0-	17,853
Other assets	13,283	7,692	20,975	-0-	20,975
Assets held by Heritage Fund of Bartholomew County, Inc.	62,866	-0-	62,866	-0-	62,866
Property and equipment, net	40,133	4,703,055	4,743,188	-0-	4,743,188
Total assets	\$ 4,271,816	\$ 4,834,939	\$ 9,106,755	\$ (24,060)	\$ 9,082,695
Liabilities					
Accounts payable and accrued expenses	\$ 11,963	\$ 10,510	\$ 22,473	\$ -0-	\$ 22,473
Assets held for others	73,381	-0-	73,381	-0-	73,381
Due to related party	-0-	24,060	24,060	(24,060)	-0-
Designations payable	1,616,080	-0-	1,616,080	-0-	1,616,080
Debt	-0-	971,009	971,009	-0-	971,009
Total liabilities	1,701,424	1,005,579	2,707,003	(24,060)	2,682,943
Net assets					
Without donor restrictions					
Operating	(90,560)	3,749,389	3,658,829	-0-	3,658,829
Operating reserve	213,252	79,971	293,223	-0-	293,223
	122,692	3,829,360	3,952,052	-0-	3,952,052
With donor restrictions					
Restricted for specified purposes	80,518	-0-	80,518	-0-	80,518
Restricted due to time restrictions	2,360,182	-0-	2,360,182	-0-	2,360,182
Endowment fund	7,000	-0-	7,000	-0-	7,000
	2,447,700	-0-	2,447,700	-0-	2,447,700
Total net assets	2,570,392	3,829,360	6,399,752	-0-	6,399,752
	\$ 4,271,816	\$ 4,834,939	\$ 9,106,755	\$ (24,060)	\$ 9,082,695

See report of independent auditors on pages 1 and 2.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions			With Donor	
	United Way of Bartholomew County, Inc.	United Way Center of Bartholomew County, Inc.	Eliminating Entries	Restrictions	
			Total	United Way of Bartholomew County, Inc.	
Support and revenues					
Gross campaign results	\$ 472,237	\$ -0-	\$ -0-	\$ 472,237	\$ 3,790,939
Less donor designations	(105,383)	-0-	-0-	(105,383)	(1,220,757)
Less provision for uncollectible accounts	56,943	-0-	-0-	56,943	(210,000)
Net campaign revenue	423,797	-0-	-0-	423,797	2,360,182
Grant and contribution revenue	415,689	-0-	-0-	415,689	65,590
Interest income	6,902	117	-0-	7,019	-0-
Rent income	-0-	624,188	(45,060)	579,128	-0-
Loss on disposal of property and equipment	(3,359)	-0-	-0-	(3,359)	-0-
Miscellaneous	10,224	848	-0-	11,072	-0-
Net assets released from restrictions	2,422,096	-0-	-0-	2,422,096	(2,422,096)
Total support and revenues	3,275,349	625,153	(45,060)	3,855,442	3,676
Expenses					
Program services	2,841,776	810,790	(45,060)	3,607,506	-0-
Management and general	167,928	-0-	-0-	167,928	-0-
Fundraising	272,797	-0-	-0-	272,797	-0-
Total expenses	3,282,501	810,790	(45,060)	4,048,231	-0-
Change in net assets	(7,152)	(185,637)	-0-	(192,789)	3,676
Net assets, beginning of year	129,844	4,014,997	-0-	4,144,841	2,444,024
Net assets, end of year	\$ 122,692	\$ 3,829,360	\$ -0-	\$ 3,952,052	\$ 2,447,700

See report of independent auditors on pages 1 and 2.