

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

CONSOLIDATED FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2018 AND 2017

CPAs / ADVISORS



UNITED WAY OF BARTHOLOMEW COUNTY, INC.

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DECEMBER 31, 2018 AND 2017

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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, 2018 and 2017, 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, 2018 and 2017, 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.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, effective January 1, 2018, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statement of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

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 22 is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. The consolidating information on pages 23 and 24 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 28, 2019

UNITED WAY OF BARTHOLOMEW COUNTY, INC.CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017**ASSETS**

	2018	2017 As Restated
Cash	\$ 2,241,471	\$ 2,754,280
Restricted cash	84,157	81,637
Accounts receivable	3,459	10,386
Pledges receivable, net	2,049,985	2,314,277
Grant receivable	296,348	-0-
Other receivables	-0-	3,791
Other assets	12,718	7,733
Assets held by Heritage Fund of Bartholomew County, Inc.	52,642	56,844
Property and equipment, net	<u>4,910,135</u>	<u>4,650,782</u>
	<u>\$ 9,650,915</u>	<u>\$ 9,879,730</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses	\$ 21,300	\$ 74,718
Assets held for others	84,157	81,637
Designations payable	1,739,291	1,735,629
Deferred revenue	199,418	117,908
Debt	<u>1,017,884</u>	<u>1,062,714</u>
Total liabilities	3,062,050	3,072,606
Net assets		
Without donor restrictions		
Operating	3,933,697	4,036,837
Operating reserve	<u>211,144</u>	<u>210,868</u>
	4,144,841	4,247,705
With donor restrictions		
Restricted for specified purposes	40,614	43,398
Restricted due to time restrictions	2,396,410	2,509,021
Endowed fund	<u>7,000</u>	<u>7,000</u>
	<u>2,444,024</u>	<u>2,559,419</u>
Total net assets	<u>6,588,865</u>	<u>6,807,124</u>
	<u>\$ 9,650,915</u>	<u>\$ 9,879,730</u>

See accompanying notes to consolidated financial statements.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2018

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017)

	2018			2017 As Restated
	Without Donor Restrictions	With Donor Restrictions	Total	Totals
Support and revenues				
Gross campaign results	\$ 325,522	\$ 3,774,827	\$ 4,100,349	\$ 4,111,468
Less donor designations	(74,227)	(1,178,417)	(1,252,644)	(1,269,650)
Less provision for uncollectible accounts	59,411	(200,000)	(140,589)	(6,811)
Net campaign results	310,706	2,396,410	2,707,116	2,835,007
Grant and contribution revenue	560,307	18,888	579,195	673,397
Interest income	3,110	-0-	3,110	3,972
Rent income	532,983	-0-	532,983	512,034
Loss on sale of property and equipment	-0-	-0-	-0-	(5,511)
Miscellaneous	2,429	-0-	2,429	9,199
Net assets released from restrictions	2,530,693	(2,530,693)	-0-	-0-
Total support and revenues	3,940,228	(115,395)	3,824,833	4,028,098
Expenses				
Program services	3,659,867	-0-	3,659,867	3,618,721
Management and general	151,185	-0-	151,185	180,231
Fundraising	232,040	-0-	232,040	250,251
Total expenses	4,043,092	-0-	4,043,092	4,049,203
Change in net assets	(102,864)	(115,395)	(218,259)	(21,105)
Net assets, beginning of year	4,247,705	2,559,419	6,807,124	6,828,229
Net assets, end of year	<u>\$ 4,144,841</u>	<u>\$ 2,444,024</u>	<u>\$ 6,588,865</u>	<u>\$ 6,807,124</u>

See accompanying notes to consolidated financial statements.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017 (AS RESTATED)

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Gross campaign results	\$ 235,991	\$ 3,875,477	\$ 4,111,468
Less donor designations	(36,844)	(1,232,806)	(1,269,650)
Less provision for uncollectible accounts	126,839	(133,650)	(6,811)
Net campaign results	325,986	2,509,021	2,835,007
Grant and contribution revenue	629,999	43,398	673,397
Interest income	3,972	-0-	3,972
Rent income	512,034	-0-	512,034
Loss on sale of property and equipment	(5,511)	-0-	(5,511)
Miscellaneous	9,199	-0-	9,199
Net assets released from restrictions	2,558,850	(2,558,850)	-0-
Total support and revenues	4,034,529	(6,431)	4,028,098
Expenses			
Program services	3,618,721	-0-	3,618,721
Management and general	180,231	-0-	180,231
Fundraising	250,251	-0-	250,251
Total expenses	4,049,203	-0-	4,049,203
Change in net assets	(14,674)	(6,431)	(21,105)
Net assets, beginning of year	4,262,379	2,565,850	6,828,229
Net assets, end of year	\$ 4,247,705	\$ 2,559,419	\$ 6,807,124

See accompanying notes to consolidated financial statements.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

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

	Program					Management and General	Fundraising	Total
	Agency & Community Services	United Way Center	Volunteer Action Center	211 South Central Indiana	Total			
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 STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017 (AS RESTATED)**

	Program				Total	Management and General	Fundraising	Total
	Agency & Community Services	United Way Center	Volunteer Action Center	211 South Central Indiana				
Agency allocations	\$ 1,933,960	\$ -0-	\$ -0-	\$ -0-	\$ 1,933,960	\$ -0-	\$ -0-	\$ 1,933,960
Salaries	337,747	166,387	83,707	146,162	734,003	53,813	168,167	955,983
Payroll taxes, payroll administrative fees and employee benefits	76,454	47,881	12,483	27,754	164,572	13,803	43,133	221,508
Agency development	15,416	-0-	-0-	-0-	15,416	-0-	-0-	15,416
Professional fees	16,442	6,624	271	9,276	32,613	37,062	7,412	77,087
Advertising	1,855	-0-	-0-	835	2,690	455	1,365	4,510
Supplies	11,285	28,199	2,228	2,390	44,102	3,847	14,780	62,729
Dues and subscriptions	8,036	168	-0-	1,098	9,302	37,498	8,035	54,835
Printing and postage	776	30	49	147	1,002	1,250	2,284	4,536
Telephone	-0-	-0-	1,080	1,944	3,024	3,174	-0-	6,198
Equipment rent	411	-0-	6,466	2	6,879	4,928	-0-	11,807
Utilities	3,331	117,726	-0-	-0-	121,057	-0-	-0-	121,057
Insurance	-0-	23,949	-0-	-0-	23,949	-0-	-0-	23,949
Conferences and meetings	23,671	327	160	2,294	26,452	9,183	4,592	40,227
Miscellaneous	67	473	-0-	240	780	6,693	-0-	7,473
Repairs and maintenance	-0-	30,129	-0-	-0-	30,129	-0-	-0-	30,129
Travel	4,371	576	-0-	3,133	8,080	1,664	483	10,227
Interest	-0-	25,881	-0-	-0-	25,881	-0-	-0-	25,881
Depreciation	3,380	207,137	-0-	-0-	210,517	6,861	-0-	217,378
Special projects	8,544	-0-	-0-	-0-	8,544	-0-	-0-	8,544
Special events	-0-	-0-	18,446	-0-	18,446	-0-	-0-	18,446
Insurance premium assistance	62,662	-0-	-0-	-0-	62,662	-0-	-0-	62,662
Partner/initiative investments	134,661	-0-	-0-	-0-	134,661	-0-	-0-	134,661
	<u>\$ 2,643,069</u>	<u>\$ 655,487</u>	<u>\$ 124,890</u>	<u>\$ 195,275</u>	<u>\$ 3,618,721</u>	<u>\$ 180,231</u>	<u>\$ 250,251</u>	<u>\$ 4,049,203</u>

See accompanying notes to consolidated financial statements.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Operating activities		
Change in net assets	\$ (218,259)	\$ (21,105)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	235,590	217,378
Loss on sale of property and equipment	-0-	5,511
Provision for uncollectible accounts	140,589	6,811
Unrealized loss (gain) on assets held by Heritage Fund of Bartholomew County, Inc.	4,537	(7,409)
Changes in assets and liabilities:		
Accounts receivable	6,927	(7,788)
Pledges receivable	123,703	(73,017)
Grant receivables	(296,348)	-0-
Other receivables	3,791	42,486
Other assets	(4,985)	7,883
Accounts payable and accrued expenses	(53,418)	(59)
Assets held for others	2,520	81,637
Designations payable	3,662	(77,667)
Deferred revenue	81,510	(81,958)
Net cash flows from operating activities	<u>29,819</u>	<u>92,703</u>
Investing activities		
Change in restricted cash	(2,520)	(81,637)
Purchase of property and equipment	(494,943)	(159,795)
Contributions to assets held by Heritage Fund of Bartholomew County, Inc.	(335)	(414)
Net cash flows from investing activities	<u>(497,798)</u>	<u>(241,846)</u>
Financing activities		
Principal payments of debt	(44,830)	(14,950)
Proceeds from refinanced debt	-0-	520,221
Net cash flows from financing activities	<u>(44,830)</u>	<u>505,271</u>
Net change in cash	(512,809)	356,128
Cash, beginning of year	<u>2,754,280</u>	<u>2,398,152</u>
Cash, end of year	<u>\$ 2,241,471</u>	<u>\$ 2,754,280</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 48,260	\$ 25,881
Supplemental disclosure of non-cash information		
Property and equipment purchased in accounts payable	\$ -0-	\$ 30,339
Purchase of property and equipment with debt borrowings	\$ -0-	\$ 72,360

See accompanying notes to consolidated financial statements.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

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, 2018 and 2017.

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, 2018 AND 2017

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

Restricted Cash

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

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, 2018 and 2017.

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 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, 2018 and 2017, these assets were \$52,642 and \$56,844, respectively.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

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 \$52,407 and \$47,825 at December 31, 2018 and 2017, respectively, and are reported as restricted cash and assets held for others in the 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 Statements of Financial Position and were \$31,750 and \$33,812 at December 31, 2018 and 2017, respectively.

Deferred Revenue

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

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.

The Organization recognizes grant revenue in the period the related expenses are incurred.

All other revenues are recorded when earned.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

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 financial statements report expenses that are attributed to more than one program or supporting function. 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, 2018 and 2017, 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 financial statements are available to be issued.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

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 28, 2019.

2. CHANGE IN ACCOUNTING PRINCIPLE

Effective January 1, 2018, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU simplifies and improves how a not-for-profit organization classifies its net assets, as well as information it presents in the financial statements and notes about its liquidity, financial performance and cash flows. The Organization has adjusted the presentation of its 2018 financial statements herein and retrospectively restated the prior year financial statements. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and the availability of resources (Note 11), and disclosures related to the functional allocation of expenses were expanded (Note 1).

The impact of the adoption of ASU No. 2016-14 on the Organization's net assets are as follows:

Statement of Financial Position

	As previously stated, December 31, 2017	Adjustment	As restated December 31, 2017
Unrestricted net assets	\$ 4,247,705	\$ (4,247,705)	\$ -0-
Temporarily restricted net assets	2,552,419	(2,552,419)	-0-
Permanently restricted net assets	7,000	(7,000)	-0-
Without donor restrictions	-0-	4,247,705	4,247,705
With donor restrictions	-0-	2,559,419	2,559,419
Total net assets	<u>\$ 6,807,124</u>	<u>\$ -0-</u>	<u>\$ 6,807,124</u>

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Statement of Activities

	As previously stated, December 31, 2017	Adjustment	As restated December 31, 2017
Changes in unrestricted net assets	\$ (14,674)	\$ 14,674	\$ -0-
Changes in temporarily restricted net assets	(6,431)	6,431	-0-
Changes in net assets without donor restrictions	-0-	(14,674)	(14,674)
Changes in net assets with donor restrictions	<u>-0-</u>	<u>(6,431)</u>	<u>(6,431)</u>
Total changes in net assets	<u>\$ (21,105)</u>	<u>\$ -0-</u>	<u>\$ (21,105)</u>

There was no significant impact to the statement of cash flows as a result of adopting this ASU.

3. PLEDGES RECEIVABLE, NET

An analysis of pledges receivable at December 31, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
2016 Campaign due during the year ended December 31, 2017	\$ -0-	\$ 381,972
2017 Campaign due during the year ended December 31, 2018	349,207	2,271,755
2018 Campaign due during the year ended December 31, 2019	<u>2,085,438</u>	<u>-0-</u>
Totals	2,434,645	2,653,727
Less allowance for uncollectible pledges	<u>384,660</u>	<u>339,450</u>
	<u>\$ 2,049,985</u>	<u>\$ 2,314,277</u>

The campaign conducted during the fall of 2017 with pledges due in 2018 is referred to as the 2017 campaign, and the campaign conducted during the fall of 2018 with pledges due in 2019 is referred to as the 2018 campaign.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

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 Organization's policy is to recognize transfers, if any, between levels as of the actual date of the event or change in circumstances. There were no transfers during 2018 or 2017.

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, 2018 and 2017.

- *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 \$52,642 and \$56,844 at December 31, 2018 and 2017, respectively.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

The following is a reconciliation of activity for 2018 and 2017 for assets measured at fair value based upon significant unobservable inputs (Level 3):

	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 56,844	\$ 49,021
Contributions	335	414
Investment return, net	(3,968)	8,062
Administrative fees	<u>(569)</u>	<u>(653)</u>
	<u>\$ 52,642</u>	<u>\$ 56,844</u>

5. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Land	\$ 60,931	\$ 60,931
Building and building improvements	4,438,742	4,438,742
Leasehold improvements	1,855,428	1,269,984
Office furniture and equipment	417,454	369,293
Construction in process	<u>-0-</u>	<u>138,662</u>
	6,772,555	6,277,612
Less accumulated depreciation	<u>(1,862,420)</u>	<u>(1,626,830)</u>
	<u>\$ 4,910,135</u>	<u>\$ 4,650,782</u>

6. DESIGNATIONS PAYABLE

Designations payable as of December 31, 2018 and 2017 were \$1,739,291 and \$1,735,629, 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, 2018 is expected to be paid in 2019 or 2020.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

7. DEFERRED REVENUE

Deferred revenue consists of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
UnitedIN16 (Indiana Association of United Ways)	\$ -0-	\$ 8,832
PremiumLink	99,583	87,918
UnitedIN18 (Indiana Association of United Ways)	30,791	-0-
Avenues	69,044	10,006
Other	-0-	11,152
	<u>\$ 199,418</u>	<u>\$ 117,908</u>

8. DEBT

Debt consists of the following at December 31, 2018 and 2017.

	<u>2018</u>	<u>2017</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 \$3,485,167 at December 31, 2018 and assignment of rents	\$ 961,044	\$ 992,465
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 \$67,564 at December 31, 2018	<u>56,840</u>	<u>70,249</u>
	<u>\$ 1,017,884</u>	<u>\$ 1,062,714</u>

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Maturities of debt subsequent to December 31, 2018, are as follows:

<u>Year Ending December 31,</u>		
2019	\$	47,537
2020		49,689
2021		51,949
2022		51,695
2023		40,324
Thereafter		<u>776,690</u>
	\$	<u><u>1,017,884</u></u>

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

Net assets with donor restrictions at December 31, 2018 and 2017 are available to the following purposes:

	<u>2018</u>	<u>2017</u>
Time restrictions related to:		
Annual fund drive	\$ 2,396,410	\$ 2,509,021
Endowed fund	7,000	7,000
Designated purpose restriction related to:		
School supplies program	<u>40,614</u>	<u>43,398</u>
	<u><u>\$ 2,444,024</u></u>	<u><u>\$ 2,559,419</u></u>

Net assets released from donor restrictions consist of the following during the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Purpose restrictions related to:		
School supplies program	\$ 21,672	\$ -0-
Time restrictions related to:		
Annual fund drive	<u>2,509,021</u>	<u>2,558,850</u>
	<u><u>\$ 2,530,693</u></u>	<u><u>\$ 2,558,850</u></u>

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

10. 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, 2018 and 2017, the Organization had rental income of \$532,983 and \$512,034, respectively. The future lease payments to be received are as follows:

<u>Year Ending December 31,</u>	
2019	\$ 492,595
2020	365,226
2021	91,320
2022	<u>75,000</u>
	<u>\$ 1,024,141</u>

11. 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.

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

Cash	\$ 2,200,857
Accounts receivable	3,459
Pledges receivable, net	2,049,985
Grant receivable	<u>296,348</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 Organization maintains a reserve which represents 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. At December 31, 2018, the reserve account included in the financial assets above is \$211,144.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

12. 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, 2018.

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 69% and 71% of pledges receivable as of December 31, 2018 and 2017, respectively, and accounted for approximately 77% and 75% of total revenue during the years ended December 31, 2018 and 2017, respectively.

13. RECENTLY ISSUED ACCOUNTING STANDARDS

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of this new guidance is that "an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services". On August 12, 2015, the FASB further amended this guidance and issued ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606)*, which deferred the effective date for all entities by one year. These new standards, which the Organization is not required to adopt until its year ending December 31, 2019, deal with the timing of reporting revenues from contracts with customers, and disclosures related thereto.

On June 21, 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. The amendments clarify how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. Additionally, 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. Finally, ASU 2018-08 amends the "simultaneous release accounting policy" to allow a not-for-profit entity to recognize a restricted contribution directly in unrestricted net assets/net assets without donor restrictions if the restriction is met in the same period that revenue is recognized. The Organization will be required to adopt this new standard

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

in the year ending December 31, 2019.

The Organization is presently evaluating the effects that these ASUs will have on its future financial statements, including related disclosures.

SUPPLEMENTARY INFORMATION

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

CONSOLIDATED SCHEDULE OF ALLOCATIONS TO AGENCIES
YEARS ENDED DECEMBER 31, 2018 AND 2017

Agency	2018 Allocations	2017 Allocations
Aging and Community Services	\$ 12,105	\$ 11,880
Bartholomew Area Legal Aid	50,000	50,000
Children, Inc.	170,000	170,000
Columbus Philharmonic	-0-	5,000
Columbus Regional Shelter for Victims of Domestic Violence (Turning Point)	249,000	245,000
Community Center of Hope	101,868	86,080
Court Appointed Special Advocates (CASA)	155,000	155,000
Developmental Services, Inc.	45,000	65,000
Family Services	157,000	157,000
Family School Partners	70,000	65,000
Foundation for Youth	403,000	417,000
Girl Scouts - United States of America (Tulip Trace Council)	3,500	5,000
Human Services, Inc.	229,000	235,000
Just Friends	27,000	27,000
LifeDesigns	25,000	15,000
Lincoln Central Neighborhood Center	50,000	50,000
Mill Race Center, Inc. (Formerly Retirement Foundation)	85,000	80,000
Sans Souci	92,500	95,000
	\$ 1,924,973	\$ 1,933,960

See report of independent auditors on pages 1 and 2.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2018

	United Way of Bartholomew County, Inc.	United Way Center of Bartholomew County, Inc.	Total	Eliminating Entries	Consolidated
Assets					
Cash	\$ 2,070,244	\$ 171,227	\$ 2,241,471	\$ -0-	\$ 2,241,471
Restricted cash	84,157	-0-	84,157	-0-	84,157
Accounts receivable	-0-	3,459	3,459	-0-	3,459
Pledges receivable, net	2,049,985	-0-	2,049,985	-0-	2,049,985
Due from related party	18,227	-0-	18,227	(18,227)	-0-
Grant receivable	296,348	-0-	296,348	-0-	296,348
Other assets	3,764	8,954	12,718	-0-	12,718
Assets held by Heritage Fund of Bartholomew County, Inc.	52,642	-0-	52,642	-0-	52,642
Property and equipment, net	<u>35,531</u>	<u>4,874,604</u>	<u>4,910,135</u>	<u>-0-</u>	<u>4,910,135</u>
Total assets	<u>\$ 4,610,898</u>	<u>\$ 5,058,244</u>	<u>\$ 9,669,142</u>	<u>\$ (18,227)</u>	<u>\$ 9,650,915</u>
Liabilities					
Accounts payable and accrued expenses	\$ 14,164	\$ 7,136	\$ 21,300	\$ -0-	\$ 21,300
Assets held for others	84,157	-0-	84,157	-0-	84,157
Due to related party	-0-	18,227	18,227	(18,227)	-0-
Designations payable	1,739,291	-0-	1,739,291	-0-	1,739,291
Deferred revenue	199,418	-0-	199,418	-0-	199,418
Debt	<u>-0-</u>	<u>1,017,884</u>	<u>1,017,884</u>	<u>-0-</u>	<u>1,017,884</u>
Total liabilities	2,037,030	1,043,247	3,080,277	(18,227)	3,062,050
Net assets					
Without donor restrictions					
Operating	(81,300)	4,014,997	3,933,697	-0-	3,933,697
Operating reserve	<u>211,144</u>	<u>-0-</u>	<u>211,144</u>	<u>-0-</u>	<u>211,144</u>
	<u>129,844</u>	<u>4,014,997</u>	<u>4,144,841</u>	<u>-0-</u>	<u>4,144,841</u>
With donor restrictions					
Restricted for specified purposes	40,614	-0-	40,614	-0-	40,614
Restricted due to time restrictions	2,396,410	-0-	2,396,410	-0-	2,396,410
Endowment fund	<u>7,000</u>	<u>-0-</u>	<u>7,000</u>	<u>-0-</u>	<u>7,000</u>
	<u>2,444,024</u>	<u>-0-</u>	<u>2,444,024</u>	<u>-0-</u>	<u>2,444,024</u>
Total net assets	<u>2,573,868</u>	<u>4,014,997</u>	<u>6,588,865</u>	<u>-0-</u>	<u>6,588,865</u>
	<u>\$ 4,610,898</u>	<u>\$ 5,058,244</u>	<u>\$ 9,669,142</u>	<u>\$ (18,227)</u>	<u>\$ 9,650,915</u>

See report of independent auditors on pages 1 and 2.

UNITED WAY OF BARTHOLOMEW COUNTY, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions			With Donor	
	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	\$ 325,522	\$ -0-	\$ -0-	\$ 325,522	\$ 3,774,827
Less donor designations	(74,227)	-0-	-0-	(74,227)	(1,178,417)
Less provision for uncollectible accounts	59,411	-0-	-0-	59,411	(200,000)
Net campaign revenue	310,706	-0-	-0-	310,706	2,396,410
Grant and contribution revenue	560,307	-0-	-0-	560,307	18,888
Interest income	2,177	933	-0-	3,110	-0-
Rent income	-0-	572,863	(39,880)	532,983	-0-
Miscellaneous	(4,047)	49,679	(43,203)	2,429	-0-
Net assets released from restrictions	2,530,693	-0-	-0-	2,530,693	(2,530,693)
Total support and revenues	3,399,836	623,475	(83,083)	3,940,228	(115,395)
Expenses					
Programs services	2,980,468	743,462	(64,063)	3,659,867	-0-
Management and general	170,205	-0-	(19,020)	151,185	-0-
Fundraising	232,040	-0-	-0-	232,040	-0-
Total expenses	3,382,713	743,462	(83,083)	4,043,092	-0-
Change in net assets	17,123	(119,987)	-0-	(102,864)	(115,395)
Net assets, beginning of year	112,721	4,134,984	-0-	4,247,705	2,559,419
Net assets, end of year	\$ 129,844	\$ 4,014,997	\$ -0-	\$ 4,144,841	\$ 2,444,024

See report of independent auditors on pages 1 and 2.