



## **Indiana United Ways**

THE INDIANA ASSOCIATION OF UNITED WAYS, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020



# THE INDIANA ASSOCIATION OF UNITED WAYS, INC.

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
The Indiana Association of United Ways, Inc.

### Opinion

We have audited the accompanying financial statements of The Indiana Association of United Ways, Inc., which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, 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 The Indiana Association of United Ways, Inc. as of December 31, 2021 and 2020, and its changes in net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 The Indiana Association of United Ways, 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 The Indiana Association of United Ways, 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 The Indiana Association of United Ways, 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.

*Alexding CPA Group*

June 2, 2022

# THE INDIANA ASSOCIATION OF UNITED WAYS, INC.

## STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2021 AND 2020

### ASSETS

	<u>2021</u>	<u>2020</u>
<b>Assets:</b>		
Cash and cash equivalents	\$ 2,181,700	\$ 1,502,367
SECC cash	420,171	488,128
Investments	8,422,237	11,942,682
Accounts receivable, net of allowance	63,244	231,560
Prepaid expenses	48,288	56,338
Property and equipment, net	496,228	590,104
Total assets	<u>\$ 11,631,868</u>	<u>\$ 14,811,179</u>

### LIABILITIES AND NET ASSETS

<b>Liabilities:</b>		
Accounts payable	\$ 16,291	\$ 72,666
Accrued expenses	139,947	124,924
Grants payable	336,952	78
SECC funds to be distributed	420,171	488,128
Deferred revenue	250	8,935
Total liabilities	<u>913,611</u>	<u>694,731</u>
<b>Net Assets:</b>		
Without donor restrictions	3,684,881	3,697,873
With donor restrictions	<u>7,033,376</u>	<u>10,418,575</u>
Total net assets	<u>10,718,257</u>	<u>14,116,448</u>
Total liabilities and net assets	<u>\$ 11,631,868</u>	<u>\$ 14,811,179</u>

See accompanying Notes to Financial Statements.

# THE INDIANA ASSOCIATION OF UNITED WAYS, INC.

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED DECEMBER 31, 2021 (WITH COMPARATIVE TOTALS FOR 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Revenue and Support</b>				
Contract revenue:				
UniFi Solutions	\$ 903,973	\$ -0-	\$ 903,973	\$ 1,013,968
Membership Services	376,172	-0-	376,172	273,671
Digital Services	154,123	-0-	154,123	344,874
Total contract revenues	<u>1,434,268</u>	<u>-0-</u>	<u>1,434,268</u>	<u>1,632,513</u>
Non-contract revenues:				
Grants and contributions	15,166,098	1,240,000	16,406,098	31,369,940
In-kind contributions	15,934	-0-	15,934	18,895
Paycheck Protection Program	-0-	-0-	-0-	438,487
Program services	8,454	-0-	8,454	9,609
	<u>15,190,486</u>	<u>1,240,000</u>	<u>16,430,486</u>	<u>31,836,931</u>
Loss on disposition of equipment	-0-	-0-	-0-	(61,245)
Interest income	-0-	-0-	-0-	1,093
Total non-contract revenues	<u>15,190,486</u>	<u>1,240,000</u>	<u>16,430,486</u>	<u>31,776,779</u>
Total revenue and support	16,624,754	1,240,000	17,864,754	33,409,292
<b>Net Assets Released From Donor Restrictions</b>	<u>4,625,199</u>	<u>(4,625,199)</u>	<u>-0-</u>	<u>-0-</u>
	<u>21,249,953</u>	<u>(3,385,199)</u>	<u>17,864,754</u>	<u>33,409,292</u>
<b>Expenses:</b>				
Program services:				
Grants to members	18,427,735	-0-	18,427,735	31,891,582
Membership and Digital Services	1,103,802	-0-	1,103,802	1,453,475
UniFi Solutions	1,264,968	-0-	1,264,968	1,310,264
Total program services	<u>20,796,505</u>	<u>-0-</u>	<u>20,796,505</u>	<u>34,655,321</u>
Management and general	721,016	-0-	721,016	377,870
Total expenses	<u>21,517,521</u>	<u>-0-</u>	<u>21,517,521</u>	<u>35,033,191</u>
Change in net assets from operations	(267,568)	(3,385,199)	(3,652,767)	(1,623,899)
<b>Investment Income, Net</b>	<u>254,576</u>	<u>-0-</u>	<u>254,576</u>	<u>122,100</u>
Change in net assets	(12,992)	(3,385,199)	(3,398,191)	(1,501,799)
<b>Net Assets, Beginning of Year</b>	<u>3,697,873</u>	<u>10,418,575</u>	<u>14,116,448</u>	<u>15,618,247</u>
<b>Net Assets, End of Year</b>	<u>\$ 3,684,881</u>	<u>\$ 7,033,376</u>	<u>\$ 10,718,257</u>	<u>\$ 14,116,448</u>

See accompanying Notes to Financial Statements.

# THE INDIANA ASSOCIATION OF UNITED WAYS, INC.

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>			
Contract revenue:			
UniFi Solutions	\$ 1,013,968	\$ -0-	\$ 1,013,968
Membership Services	273,671	-0-	273,671
Digital Services	344,874	-0-	344,874
Total contract revenues	<u>1,632,513</u>	<u>-0-</u>	<u>1,632,513</u>
Non-contract revenues:			
Grants and contributions	29,808,869	1,561,071	31,369,940
In-kind contributions	18,895	-0-	18,895
Paycheck Protection Program	438,487	-0-	438,487
Program services	9,609	-0-	9,609
	<u>30,275,860</u>	<u>1,561,071</u>	<u>31,836,931</u>
Loss on disposition of equipment	(61,245)	-0-	(61,245)
Interest income	1,093	-0-	1,093
Total non-contract revenues	<u>30,215,708</u>	<u>1,561,071</u>	<u>31,776,779</u>
Total revenue and support	31,848,221	1,561,071	33,409,292
<b>Net Assets Released From Donor Restrictions</b>	<u>3,935,712</u>	<u>(3,935,712)</u>	<u>-0-</u>
	<u>35,783,933</u>	<u>(2,374,641)</u>	<u>33,409,292</u>
<b>Expenses:</b>			
Program services:			
Grants to members	31,891,582	-0-	31,891,582
Membership and Digital Services	1,453,475	-0-	1,453,475
UniFi Solutions	1,310,264	-0-	1,310,264
Total program services	<u>34,655,321</u>	<u>-0-</u>	<u>34,655,321</u>
Management and general	377,870	-0-	377,870
Total expenses	<u>35,033,191</u>	<u>-0-</u>	<u>35,033,191</u>
Change in net assets from operations	750,742	(2,374,641)	(1,623,899)
<b>Investment Income, Net</b>	<u>122,100</u>	<u>-0-</u>	<u>122,100</u>
Change in net assets	872,842	(2,374,641)	(1,501,799)
<b>Net Assets, Beginning of Year</b>	<u>2,825,031</u>	<u>12,793,216</u>	<u>15,618,247</u>
<b>Net Assets, End of Year</b>	<u>\$ 3,697,873</u>	<u>\$ 10,418,575</u>	<u>\$ 14,116,448</u>

See accompanying Notes to Financial Statements.

# THE INDIANA ASSOCIATION OF UNITED WAYS, INC.

## STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2021 (WITH COMPARATIVE TOTALS FOR 2020)

	Program Expenses				2021	2020
	Grants to Members	Membership and Digital Services	UniFi Solution	Management and General	Total	Total
<b>Labor and Benefits:</b>						
Salaries	\$ -0-	\$ 634,281	\$ 549,793	\$ 256,873	\$ 1,440,947	\$ 1,700,557
Employee benefits	-0-	134,645	184,770	47,408	366,823	405,432
Payroll taxes and expense	-0-	49,557	41,088	14,111	104,756	133,213
Total labor and benefits	-0-	818,483	775,651	318,392	1,912,526	2,239,202
<b>Other Expenses:</b>						
Grants	18,427,735	-0-	-0-	-0-	18,427,735	31,891,582
Professional services	-0-	36,517	9,925	289,827	336,269	207,921
Technology	-0-	55,494	195,419	28,831	279,744	226,462
Occupancy	-0-	90,683	74,987	8,719	174,389	174,388
Depreciation	-0-	48,815	40,366	4,695	93,876	98,693
Travel	-0-	465	-0-	482	947	12,711
Training and conferences	-0-	1,950	4,851	1,377	8,178	21,128
Miscellaneous	-0-	34,768	210	-0-	34,978	22,100
Temporary labor	-0-	-0-	142,304	1,489	143,793	43,552
Office supplies and expenses	-0-	7,603	6,134	14,097	27,834	30,944
Marketing and recognition	-0-	2,568	2,522	3,682	8,772	8,910
Telephone	-0-	5,529	6,204	3,206	14,939	15,418
Insurance	-0-	-0-	-0-	11,640	11,640	11,139
Postage and shipping	-0-	691	4,880	352	5,923	8,685
Printing and publications	-0-	236	1,429	2,352	4,017	12,525
Bank and credit card charges	-0-	-0-	86	995	1,081	7,831
Bad debt	-0-	-0-	-0-	30,880	30,880	-0-
Total expenses	\$ 18,427,735	\$ 1,103,802	\$ 1,264,968	\$ 721,016	\$ 21,517,521	\$ 35,033,191

See accompanying Notes to Financial Statements.



# THE INDIANA ASSOCIATION OF UNITED WAYS, INC.

## STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2020

	Program Expenses			Management and General	Total
	Grants to Members	Membership and Digital Services	UniFi Solution		
<b>Labor and Benefits:</b>					
Salaries	\$ -0-	\$ 904,934	\$ 666,820	\$ 128,803	\$ 1,700,557
Employee benefits	-0-	167,769	196,476	41,187	405,432
Payroll taxes and expense	-0-	66,004	54,092	13,117	133,213
Total labor and benefits	-0-	1,138,707	917,388	183,107	2,239,202
<b>Other Expenses:</b>					
Grants	31,891,582	-0-	-0-	-0-	31,891,582
Professional services	-0-	61,339	31,688	114,894	207,921
Technology	-0-	51,085	155,199	20,178	226,462
Occupancy	-0-	90,682	74,987	8,719	174,388
Depreciation	-0-	52,174	41,367	5,152	98,693
Travel	-0-	8,760	1,029	2,922	12,711
Training and conferences	-0-	10,105	8,137	2,886	21,128
Miscellaneous	-0-	12,344	8,117	1,639	22,100
Temporary labor	-0-	-0-	43,552	-0-	43,552
Office supplies and expenses	-0-	9,059	7,529	14,356	30,944
Marketing and recognition	-0-	3,056	4,005	1,849	8,910
Telephone	-0-	5,261	5,713	4,444	15,418
Insurance	-0-	750	788	9,601	11,139
Postage and shipping	-0-	494	7,456	735	8,685
Printing and publications	-0-	9,659	846	2,020	12,525
Bank and credit card charges	-0-	-0-	2,463	5,368	7,831
Total expenses	<u>\$ 31,891,582</u>	<u>\$ 1,453,475</u>	<u>\$ 1,310,264</u>	<u>\$ 377,870</u>	<u>\$ 35,033,191</u>

See accompanying Notes to Financial Statements.

# THE INDIANA ASSOCIATION OF UNITED WAYS, INC.

## STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ (3,398,191)	\$ (1,501,799)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	93,876	98,693
Loss on disposition of property and equipment	-0-	61,245
Net unrealized (gain) loss on investments	(4,064)	137,133
Changes in operating assets and liabilities:		
Accounts receivable	168,316	(61,779)
Prepaid expenses	8,050	18,109
Accounts payable	(56,375)	(57,493)
Accrued expenses	15,023	48,661
Grants payable	336,874	(99,811)
Deferred revenue	(8,685)	8,935
Net cash used in operating activities	<u>(2,845,176)</u>	<u>(1,348,106)</u>
<b>Cash Flows From Investing Activities:</b>		
Proceeds on sale of property and equipment	-0-	450
Purchase of property and equipment	-0-	(12,928)
Purchase of investments	(15,938,201)	(10,298,725)
Proceeds received from sale of investments	<u>19,462,710</u>	<u>4,510,354</u>
Net cash provided by (used in) investing activities	<u>3,524,509</u>	<u>(5,800,849)</u>
 Net increase (decrease) in cash and cash equivalents	 679,333	 (7,148,955)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>1,502,367</u>	<u>8,651,322</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 2,181,700</u></u>	<u><u>\$ 1,502,367</u></u>

See accompanying Notes to Financial Statements.

# THE INDIANA ASSOCIATION OF UNITED WAYS, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES

The Indiana Association of United Ways, Inc. ("IUW") is a statewide organization that helps local United Ways to thrive. With 47 members and a staff of 18, IUW supports United Ways, who fight for the health, education and financial stability of every individual in every community in Indiana and throughout the country in partnership with United Way Worldwide ("UWW"). IUW's mission is to be the leading voice to advocate, engage and partner with a strong United Way Network and key stakeholders to advance human well-being throughout Indiana.

IUW's primary programs include the following:

#### UniFi Solutions

UniFi Solutions provides services to more than 36 local United Ways throughout the country who are interested in consolidating their backroom services in order to focus on fundraising, donor relationship cultivation, and putting systems in place to meet urgent community health and human service needs. UniFi's backroom services include cloud hosting, accounting, payroll, and pledge processing.

#### Membership Services

Membership Services directly support the Indiana based local United Ways, and fund members, through the newly adopted Modern United Way framework. Products provided include:

- Supporting functional mobilization teams;
- Executing a comprehensive Board and Governance training regionally;
- Coaching and training new executives through an on-boarding two-year program;
- Grant procurement and Management overseeing campaign match dollars for local United Ways, the Indiana Natural Disaster ("IND") Fund, and AmeriCorps grant;
- Significant merger support;
- Key individualized coaching and training that supports both small and large United Ways; and
- Active public policy work promoting statewide issues such as quality childcare, predatory lending, and the Asset Limited Income Constrained Employed ("ALICE") report.

#### Digital Services

Digital Services provides support to 9 local United Ways in Indiana through a UWW Anchor Model. Digital Services contracts with UWW for digital access to several different salesforce and other top-shelf tools and manages the technical aspects of the digital marketing, virtual advocacy and fundraising efforts. At the direction of UWW the Digital Services program will be discontinued as of December 31, 2021.

# THE INDIANA ASSOCIATION OF UNITED WAYS, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

IUW operates all of its programs and services through the lens of the following guiding principles:

- We're not a one size fits all state and IUW must adapt and be nimble.
- We're learning and growing alongside our members and the United Way Network.
- We're committed to be a transformational leader for the United Way Network.
- United Way believes that Equity is the just inclusion of everyone in society. Equity is achieved when race/ethnicity, gender, sexual orientation and other identities no longer determine socioeconomic, education, and health outcomes. We recognize structural racism has contributed to the persistent disparities which United Way seeks to dismantle. Our network strives to engage community residents to create solutions that ensure everyone has the resources, support, opportunities and networks they need to thrive.

The significant accounting policies followed by IUW in the preparation of its financial statements are summarized below:

### Basis of Presentation

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

#### Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net asset funds to protect IUW's long-term viability due to volatility in funding resources.

#### Net Assets With Donor Restrictions

Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purposes for which the resource was restricted has been fulfilled, or both.

### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires Management to make estimates and assumptions that affect the reported amounts in the financial statements and notes to the financial statements. Actual results could differ from those estimates. Primary estimates made in the preparation of IUW's financial statements include the collectability of accounts receivable, allowance for doubtful accounts, useful lives of property and equipment, and the classification of functional expenses.

# THE INDIANA ASSOCIATION OF UNITED WAYS, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

### Cash and Cash Equivalents

Cash and cash equivalents represent amounts held in checking, savings, and money market accounts measured by a Level 1 input in accordance with U.S. GAAP. IUW considers cash on hand and other highly liquid assets at financial institutions with an original maturity of three months or less when purchased to be cash equivalents.

### Revenue and Support Recognition

IUW derives its revenues primarily from providing shared services to member associations through UniFi Solutions and Membership Services. Revenues from these services are recognized within the month services are performed. Revenues from Digital Services are recognized over the life of the service contract. Contract revenues are recognized in an amount that reflects the consideration IUW expects to be entitled to in exchange for the services. Incidental items that are immaterial in the context of the contract are recognized as expense. IUW does not have any significant financing components as payment is received at or shortly after member associations are invoiced. Costs incurred to obtain a contract are expensed as incurred.

Non-contract revenues include revenue and support as increases in net assets with or without donor restrictions based upon whether the donor has imposed any restrictions. Contributions are recognized when the donor makes an unconditional promise to give to IUW either in writing or verbally or expenses are incurred for grants under a conditional cost reimbursement basis. Government grants under a cost reimbursement arrangement are considered contributions and not a contract with a customer as there is not a direct reciprocation of benefits to the grantor in exchange for the contributions.

Revenues are reported with donor restrictions if the donor stipulates specific limitations as to the use of the gift, pledge or contributions, including passage of time or other terms limiting its uses. Donor-imposed restrictions are released from restriction and transferred to net assets without donor restrictions in the reporting period the restriction is satisfied or expires. IUW reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions are satisfied in the same reporting period in which the revenue is recognized.

### Disaggregation of Revenues from Contracts with Customers

The following table disaggregates IUW's revenue based on the timing of satisfaction of performance obligations for the years ended December 31, 2021 and 2020, respectively:

	<u>2021</u>	<u>2020</u>
Performance obligations satisfied at a point in time	\$ 1,280,145	\$ 1,287,639
Performance obligations satisfied over time	<u>154,123</u>	<u>344,874</u>
	<u>\$ 1,434,268</u>	<u>\$ 1,632,513</u>

# **THE INDIANA ASSOCIATION OF UNITED WAYS, INC.**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020**

### Performance Obligations

Revenues from performance obligations satisfied at a point in time consist primarily of services performed for UniFi Solutions and Membership Services as services are performed for the member associations.

Revenue from performance obligations satisfied over time consist primarily of Digital Services through service contracts. Revenue is recorded on a straight-line basis over the term of the related contracts.

### Variable Consideration

The nature of IUW's business and customer contracts does not give rise to significant variables of the total amount of the contract price. Variable consideration is estimated at the most likely amount that is expected to be earned. Estimated amounts are included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Estimates of variable consideration are estimated based upon historical experience and known trends.

The primary variable consideration for all contracts IUW enters is the potential for allowances that generally decrease the transaction price which reduces revenue. Although contract consideration adjustments historically have been insignificant, variable amounts are generally credited to the member associations through billing adjustments.

### Accounts Receivable

Accounts receivable are reported at the amount invoiced. Payments of accounts receivable are allocated to the specific invoices identified on the remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

IUW, on a periodic basis, evaluates its accounts receivable and establishes an allowance for doubtful accounts based on past write-offs, collections, and current credit conditions. Account balances with invoices dated over 90 days old are considered delinquent. Due to the nature of the receivables, the balances are unsecured, interest is not charged, and accounts are not turned over to collections.

# THE INDIANA ASSOCIATION OF UNITED WAYS, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

Details of the allowance for doubtful accounts and bad debt expense for the years ended December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Allowance for doubtful accounts, beginning of year	\$ 15,000	\$ 15,000
Provisions for bad debts	30,880	-0-
Write-offs	(30,880)	-0-
Allowance for doubtful accounts, end of year	<u>\$ 15,000</u>	<u>\$ 15,000</u>

### Property and Equipment and Depreciation

Purchased property and equipment are recorded at cost. Items donated are recorded at the fair market value as of the date of donation. Cost of improvements are capitalized and costs of repairs and maintenance are expensed as incurred. Depreciation is recorded over the estimated useful lives of the assets or life of the lease, which range from three (3) to ten (10) years, utilizing the straight-line method.

### Functional Expenses

Expenses are functionally classified as Program Services and Management and General. Classifications are based on actual direct expenditures and costs allocations determined by estimates of time spent by IUW personnel or other rational basis of allocation. IUW does not incur fundraising expense.

### Income Taxes

IUW is organized as a not-for-profit corporation and, accordingly, is exempt from Federal and state income taxes under section 501(c)(3) of the Internal Revenue Code.

Management of IUW evaluates all significant tax positions to ensure compliance with the exempt purpose of IUW as required by U.S. GAAP, including consideration of any unrelated business income tax. As of December 31, 2021, Management does not believe IUW has taken any tax positions that are not in compliance with its exempt purpose. IUW's Federal and state tax returns remain open and subject to examination beginning with the tax year ended December 31, 2018.

### Subsequent Events

Subsequent events have been evaluated through June 2, 2022, which is the date the financial statements were available for issuance.

# THE INDIANA ASSOCIATION OF UNITED WAYS, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

### 2. LIQUIDITY AND AVAILABILITY

At December 31, 2021 and 2020, financial assets available for future general expenditures within one year from the Statements of Financial Position comprise the following:

	<u>2021</u>	<u>2020</u>
Financial Assets:		
Cash and cash equivalents	\$ 2,181,700	\$ 1,502,367
SECC cash	420,171	488,128
Investments	8,422,237	11,942,682
Accounts receivable, net of allowance	<u>63,244</u>	<u>231,560</u>
	<u>11,087,352</u>	<u>14,164,737</u>
Less amounts not available to be used for general expenditures within one year:		
Donor restricted net assets	(7,033,376)	(10,418,575)
Board designated net assets	(1,000,093)	(1,100,656)
SECC funds to be distributed	<u>(420,171)</u>	<u>(488,128)</u>
	<u>(8,453,640)</u>	<u>(12,007,359)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,633,712</u>	<u>\$ 2,157,378</u>

IUW is supported by restricted grants and contributions. Donor restrictions require resources to be used in a particular manner or in a future period and IUW must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of IUW's liquidity management, it has a policy to structure its financial assets to be available for its general expenditures, liabilities, and other obligations as they come due.

IUW's investment portfolio consists of highly liquid investments.

IUW's board designated net assets may be utilized to meet current obligations at the discretion of the Board of Directors.



# THE INDIANA ASSOCIATION OF UNITED WAYS, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

### 3. CONTRACT ASSETS

IUW's contract assets consist of the following as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Accounts receivable:		
Beginning of year	\$ 231,560	\$ 169,781
End of year	\$ 63,244	\$ 231,560

### 4. STATE EMPLOYEES COMMUNITY CAMPAIGN

IUW has an agreement with the State of Indiana to act as a fiscal agent and campaign manager for the proceeds of the State Employees Community Campaign ("SECC"). IUW is to distribute these funds to recipient charitable associations based on an approved distribution system. Cash held by IUW, to be distributed on behalf of the SECC, was \$420,171 and \$488,128 at December 31, 2021 and 2020, respectively.

The following is a summary of cash activity for the SECC for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
SECC cash, beginning of year	\$ 488,128	\$ 542,508
Cash received:		
SECC pledges	1,240,237	1,381,060
Interest income	988	918
	<u>1,241,225</u>	<u>1,381,978</u>
Cash disbursed:		
Charitable associations	(1,207,725)	(1,327,588)
Management fees	(101,457)	(108,770)
	<u>(1,309,182)</u>	<u>(1,436,358)</u>
SECC cash, end of year	<u>\$ 420,171</u>	<u>\$ 488,128</u>

# THE INDIANA ASSOCIATION OF UNITED WAYS, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

### 5. FAIR VALUE MEASUREMENTS

U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP also establishes a fair value hierarchy, which requires IUW to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following three levels are defined by U.S. GAAP as a means of measuring fair value:

#### ***Level 1***

Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

#### ***Level 2***

Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

#### ***Level 3***

Unobservable inputs reflecting the entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The asset's and liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodology used for IUW's investments measured at fair value as of December 31, 2021 and 2020. There has been no change in the methodology used as of December 31, 2021.

*Mutual Funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by IUW are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by IUW are deemed to be actively traded. A money market fund is an open-ended mutual fund that invests in short-term debt securities and commercial paper.

IUW has no liabilities measured at fair value. IUW's mutual fund accounts of \$8,422,237 and \$11,942,682 as of December 31, 2021 and 2020, respectively, are measured at fair value by Level 1 input criteria on a recurring basis within the fair value hierarchy.

# THE INDIANA ASSOCIATION OF UNITED WAYS, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

Investment income includes the following for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividend	\$ 300,379	\$ 298,725
Investment fees	(49,867)	(39,492)
Net unrealized gains (losses)	<u>4,064</u>	<u>(137,133)</u>
	<u>\$ 254,576</u>	<u>\$ 122,100</u>

### 6. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Office equipment	\$ 627,067	\$ 627,067
Leasehold improvements	<u>374,089</u>	<u>374,089</u>
	1,001,156	1,001,156
Accumulated depreciation	<u>(504,928)</u>	<u>(411,052)</u>
	<u>\$ 496,228</u>	<u>\$ 590,104</u>

### 7. NET ASSETS WITHOUT DONOR RESTRICTIONS

IUW's governing board has designated net assets without donor restrictions for the following purposes as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Liquidity reserve	\$ 850,656	\$ 850,656
Member association merger funds	<u>149,437</u>	<u>250,000</u>
	<u>\$ 1,000,093</u>	<u>\$ 1,100,656</u>

# THE INDIANA ASSOCIATION OF UNITED WAYS, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

### 8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Matching Grant Program	\$ 2,528,601	\$ 5,606,199
IND Fund	2,829,903	2,855,943
Special Initiatives	<u>538,205</u>	<u>911,433</u>
	<u>5,896,709</u>	<u>9,373,575</u>
Subject to passage of time:		
Time restricted for future years	<u>1,136,667</u>	<u>1,045,000</u>
	<u>\$ 7,033,376</u>	<u>\$ 10,418,575</u>

Net assets released from donor restrictions, due to the satisfaction of donor-imposed restrictions, for the years ended December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Matching Grant Program	\$ 3,077,598	\$ 2,307,145
Time restricted for future years	1,148,333	1,140,000
IND Fund	26,040	350,000
Special Initiatives	<u>373,228</u>	<u>138,567</u>
	<u>\$ 4,625,199</u>	<u>\$ 3,935,712</u>

# THE INDIANA ASSOCIATION OF UNITED WAYS, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

### 9. LEASES

Through February 28, 2022, IUW leased office space under the terms of an operating lease requiring monthly payments of \$15,053. IUW also leases office equipment requiring monthly payments of \$653 through February 2023.

In March 2022, IUW executed a new office lease agreement requiring monthly payments ranging from \$7,290 to \$7,961 through January 2028.

Future minimum annual lease payments due under the terms of the lease agreements as of December 31, 2021, including leases signed after December 31, 2021, but prior to issuance of this report are as follows:

Year Ending <u>December 31,</u>	
2022	\$ 97,685
2023	89,312
2024	90,430
2025	92,042
2026	93,653
Thereafter	<u>103,225</u>
	<u>\$ 566,347</u>

Total operating lease expense was \$184,336 and \$188,211 for the years ended December 31, 2021 and 2020, respectively.

### 10. EMPLOYEE BENEFITS

IUW has a 403(b) Thrift Plan covering all eligible employees. An employee's contribution may not exceed the maximum amount allowed as determined by the Internal Revenue Code. The employer matching contribution is equal to 50% of the first 4% of employee contributions. IUW also provides an employer base contribution in which IUW contributes 10% of employee compensation for employees hired prior to January 1, 2018 (5% for employees hired on or after January 1, 2018). Employer matching and base contributions become fully vested after three years of service. Employer matching and base contributions were \$115,425 and \$96,219 for the years ended December 31, 2021 and 2020, respectively.

# THE INDIANA ASSOCIATION OF UNITED WAYS, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

### 11. RELATED PARTY TRANSACTIONS

IUW regularly conducts business with member associations. During 2021 and 2020, seven (7) and three (3) members, respectively, of the Board of Directors also serve as Board Members of a member association. During 2021 and 2020, three (3) members, respectively, of the Board of Directors are Executive Directors of a member association.

The following are the membership association transactions and balances for the years ended December 31, 2021 and 2020:

	2021					
	Membership Services	Digital Services	UniFi Solutions	Grants to Members	Accounts Receivable	Accounts Payable
Board Members	\$ 124,813	\$ 65,497	\$ 166,923	\$ (4,532,871)	\$ 24,231	\$ 146
Executive Directors	18,360	11,459	66,913	(2,065,218)	-0-	255,382
	<u>\$ 143,173</u>	<u>\$ 76,956</u>	<u>\$ 233,836</u>	<u>\$ (6,598,089)</u>	<u>\$ 24,231</u>	<u>\$ 255,528</u>
	2020					
	Membership Services	Digital Services	UniFi Solutions	Grants to Members	Accounts Receivable	Accounts Payable
Board Members	\$ 53,100	\$ 132,500	\$ 93,500	\$ (6,358,800)	\$ 30,700	\$ 100
Executive Directors	12,400	25,500	51,800	(1,426,100)	7,200	-0-
	<u>\$ 65,500</u>	<u>\$ 158,000</u>	<u>\$ 145,300</u>	<u>\$ (7,784,900)</u>	<u>\$ 37,900</u>	<u>\$ 100</u>

### 12. CONCENTRATIONS

#### Cash and cash equivalents

IUW maintains cash and cash equivalents in bank deposit accounts which, at times, may exceed Federally insured limits. IUW has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

#### Accounts Receivable and Grants and Contributions Revenue

As of and for the year ended December 31, 2021, one (1) member association represented 18% of IUW's accounts receivable, SECC management fees represented 32% of IUW's accounts receivable, and approximately 99% of grants and contributions revenue were from one (1) donor.

As of and for the year ended December 31, 2020, one (1) member association represented 11% of IUW's accounts receivable, SECC management fees represented 33% of IUW's accounts receivable, and approximately 99% of grants and contributions revenue were from one (1) donor.