



Indiana United Ways

**THE INDIANA ASSOCIATION OF
UNITED WAYS, INC. D/B/A
INDIANA UNITED WAYS**

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

December 31, 2024 and 2023

**THE INDIANA ASSOCIATION OF UNITED WAYS, INC.
D/B/A INDIANA UNITED WAYS**

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Independent Auditor's Report

The Board of Directors
The Indiana Association of United Ways, Inc. d/b/a
Indiana United Ways

Opinion

We have audited the financial statements of The Indiana Association of United Ways, Inc. d/b/a Indiana United Ways, which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Indiana Association of United Ways, Inc. d/b/a Indiana United Ways as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Prior Period Financial Statements

The financial statements of The Indiana Association of United Ways, Inc. d/b/a Indiana United Ways as of and for the year ended December 31, 2023, were audited by other auditors whose report dated June 6, 2024, expressed an unmodified opinion on those statements.

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. d/b/a Indiana United Ways' ability to continue as a going concern within one year after the date 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. d/b/a Indiana United Ways' 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. d/b/a Indiana United Ways' 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.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
June 23, 2025

THE INDIANA ASSOCIATION OF UNITED WAYS, INC.
d/b/a INDIANA UNITED WAYS

STATEMENTS OF FINANCIAL POSITION
December 31, 2024 and 2023

ASSETS		2024	2023
		<u>2024</u>	<u>2023</u>
Cash and equivalents	\$	16,358,544	\$ 18,903,816
Investments		82,470,466	76,890,919
Interest receivable		743,954	598,796
Prepaid expenses and other assets		59,530	54,864
Property and equipment, net		156,176	203,748
Operating lease right-of-use assets		<u>274,933</u>	<u>361,291</u>
TOTAL ASSETS		<u><u>\$ 100,063,603</u></u>	<u><u>\$ 97,013,434</u></u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable	\$	11,018	\$ 25,703
Accrued expenses and other liabilities		109,513	87,778
Grants payable		2,278	20,654
Operating lease liabilities		<u>281,888</u>	<u>367,229</u>
Total Liabilities		<u>404,697</u>	<u>501,364</u>
NET ASSETS			
Without donor restrictions		5,939,190	4,949,623
With donor restrictions		<u>93,719,716</u>	<u>91,562,447</u>
Total Net Assets		<u>99,658,906</u>	<u>96,512,070</u>
TOTAL LIABILITIES AND NET ASSETS		<u><u>\$ 100,063,603</u></u>	<u><u>\$ 97,013,434</u></u>

See accompanying notes.

**THE INDIANA ASSOCIATION OF UNITED WAYS, INC.
d/b/a INDIANA UNITED WAYS**

**STATEMENTS OF ACTIVITIES
Years Ended December 31, 2024 and 2023**

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE, AND GAINS (LOSSES)						
Support:						
Contributions	\$ 1,246,547	\$ 5,019,903	\$ 6,266,450	\$ 1,256,441	\$ 87,688,125	\$ 88,944,566
Council of States	36,696		36,696	2,500		2,500
Contract fees:						
UniFi Solutions	696,110		696,110	627,388		627,388
Membership Services	255,492		255,492	220,723		220,723
Investment return, net	906,792	3,649,031	4,555,823	523,776	1,662,470	2,186,246
Loss on disposal of property and equipment	(6,413)		(6,413)			
Net assets released from restrictions	6,511,665	(6,511,665)		6,442,016	(6,442,016)	
Total Support, Revenue and Gains (Losses)	<u>9,646,889</u>	<u>2,157,269</u>	<u>11,804,158</u>	<u>9,072,844</u>	<u>82,908,579</u>	<u>91,981,423</u>
EXPENSES						
Program services:						
Grants to members	296,249		296,249	6,142,016		6,142,016
State Capital Projects Initiative	6,002,728		6,002,728			
Membership Services	898,676		898,676	707,541		707,541
UniFi Solutions	929,670		929,670	927,730		927,730
Council of the States	12,253		12,253			
Total Program Services	<u>8,139,576</u>		<u>8,139,576</u>	<u>7,777,287</u>		<u>7,777,287</u>
Management and general	517,746		517,746	539,336		539,336
Total Expenses	<u>8,657,322</u>		<u>8,657,322</u>	<u>8,316,623</u>		<u>8,316,623</u>
CHANGE IN NET ASSETS	989,567	2,157,269	3,146,836	756,221	82,908,579	83,664,800
NET ASSETS						
Beginning of Year	<u>4,949,623</u>	<u>91,562,447</u>	<u>96,512,070</u>	<u>4,193,402</u>	<u>8,653,868</u>	<u>12,847,270</u>
End of Year	<u>\$ 5,939,190</u>	<u>\$ 93,719,716</u>	<u>\$ 99,658,906</u>	<u>\$ 4,949,623</u>	<u>\$ 91,562,447</u>	<u>\$ 96,512,070</u>

See accompanying notes.

**THE INDIANA ASSOCIATION OF UNITED WAYS, INC.
d/b/a INDIANA UNITED WAYS**

**STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2024**

	Program Expenses							
	Grants to Members	State Capital Projects Initiative	Membership Services	UniFi Solutions	Council of the States	Total Program	Management and General	Total Expenses
Salaries		\$ 144,838	\$ 503,960	\$ 439,743		\$ 1,088,541	\$ 314,125	\$ 1,402,666
Employee benefits		14,392	160,539	167,683		342,614	64,966	407,580
Payroll taxes and expense		10,991	36,596	32,440		80,027	23,238	103,265
Stipend					\$ 5,000	5,000		5,000
Grants	\$ 296,249	5,815,414				6,111,663		6,111,663
Professional services		3,934	67,962	30,777		102,673	30,819	133,492
Technology		8,572	40,960	173,693		223,225	28,762	251,987
Occupancy			35,387	43,250		78,637	19,657	98,294
Depreciation			20,206	24,696		44,902	11,225	56,127
Travel		758	8,636	3,820	2,811	16,025	20	16,045
Training and conferences		136	8,496	1,315	4,442	14,389	3,652	18,041
Miscellaneous			262			262	135	397
Office supplies and expenses		411	2,542	2,166		5,119	4,289	9,408
Marketing and recognition							10,448	10,448
Telephone		330				330	1,830	2,160
Insurance		2,952	6,610	8,079		17,641	3,673	21,314
Postage and shipping				1,984		1,984	10	1,994
Printing and publications			6,520	24		6,544	199	6,743
Bank and credit card charges							698	698
TOTAL EXPENSES	\$ 296,249	\$ 6,002,728	\$ 898,676	\$ 929,670	\$ 12,253	\$ 8,139,576	\$ 517,746	\$ 8,657,322

See accompanying notes.

**THE INDIANA ASSOCIATION OF UNITED WAYS, INC.
d/b/a INDIANA UNITED WAYS**

**STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2023**

	Program Expenses							
	Grants to Members	State Capital Projects Initiative	Membership Services	UniFi Solutions	Council of the States	Total Program	Management and General	Total Expenses
Salaries		\$ 45,849	\$ 380,293	\$ 394,750		\$ 820,892	\$ 311,730	\$ 1,132,622
Employee benefits		401	103,309	147,448		251,158	64,616	315,774
Payroll taxes and expense		3,507	27,604	29,067		60,178	23,029	83,207
Grants	\$6,142,016					6,142,016		6,142,016
Professional services			78,255	62,817		141,072	13,638	154,710
Technology		30	31,537	185,488		217,055	17,472	234,527
Occupancy			33,084	57,041		90,125	23,958	114,083
Depreciation			21,171	29,577		50,748	4,897	55,645
Travel		44	10,736	674		11,454	7,360	18,814
Training and conferences			11,016	691		11,707	7,599	19,306
Miscellaneous			446	31		477	107	584
Office supplies and expenses		540	5,006	1,734		7,280	7,984	15,264
Marketing and recognition							8,079	8,079
Telephone		150				150	1,980	2,130
Insurance			4,722	8,142		12,864	3,420	16,284
Postage and shipping				2,609		2,609	22	2,631
Printing and publications		245				245	278	523
Bank and credit card charges							424	424
TOTAL EXPENSES	<u>\$6,142,016</u>	<u>\$ 50,766</u>	<u>\$ 707,179</u>	<u>\$ 920,069</u>	<u>\$ -</u>	<u>\$ 7,820,030</u>	<u>\$ 496,593</u>	<u>\$ 8,316,623</u>

See accompanying notes.

THE INDIANA ASSOCIATION OF UNITED WAYS, INC.
d/b/a INDIANA UNITED WAYS

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 3,146,836	\$ 83,664,800
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	56,127	55,645
Loss on disposal of property and equipment	6,413	
Realized and unrealized gains on investments, net	(289,132)	(1,239,578)
(Increase) decrease in certain assets:		
Interest receivable	(145,158)	(594,703)
Prepaid expenses and other assets	(4,666)	219,149
Operating lease right-of-use assets	86,358	86,031
Increase (decrease) in certain liabilities:		
Accounts payable	(14,685)	18,333
Accrued expenses and other liabilities	21,735	9,198
Grants payable	(18,376)	(218,689)
Operating lease liabilities	(85,341)	(82,925)
Net Cash Provided by Operating Activities	<u>2,760,111</u>	<u>81,917,261</u>
INVESTING ACTIVITIES		
Purchases of property and equipment	(14,968)	
Purchase of investments	(27,654,644)	(94,711,782)
Proceeds from sale of investments	22,364,229	27,987,950
Net Cash Used by Investing Activities	<u>(5,305,383)</u>	<u>(66,723,832)</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(2,545,272)	15,193,429
CASH AND EQUIVALENTS		
Beginning of Year	<u>18,903,816</u>	<u>3,710,387</u>
End of Year	<u><u>\$ 16,358,544</u></u>	<u><u>\$ 18,903,816</u></u>
SUPPLEMENTAL DISCLOSURES		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows - operating leases	\$ 90,430	\$ 88,819

See accompanying notes.

**THE INDIANA ASSOCIATION OF UNITED WAYS, INC.
D/B/A INDIANA UNITED WAYS**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Indiana Association of United Ways, Inc. d/b/a Indiana United Ways (IUW) is a statewide organization that helps local United Ways to thrive. With 43 members and a staff of 16, 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 31 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 provides limited funding and other support to United Ways that serve Indiana counties, through the newly adopted Thriving United Way framework. Products provided include:

- Supporting strategic organizational development of local United Way members;
- Executing a comprehensive Board and Governance training regionally;
- Coaching and training new executives;
- Grant procurement and Management overseeing campaign match dollars for local United Ways, the Indiana Natural Disaster (IND) Fund, and other grants;
- 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 advocating for statewide high-quality childcare, advocating against predatory lending, and disseminating the Asset Limited Income Constrained Employer (ALICE) report.

Statewide Capital Projects Initiative (SCPI)

IUW seeks to provide funding to strategically important capital projects intended to expand or improve the quality of essential health and human services for individuals living in communities of all sizes across Indiana through SCPI grants. Grants will be distributed in partnership and coordination with member LUWs serving the community for the purpose of advancing education, income, health, and basic needs priorities of the communities they serve. Grants range from \$50,000 to \$1,500,000 per award.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation: The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which require IUW to report information regarding its financial position and activities according to the following net asset classifications:

- **Net Assets Without Donor Restrictions** are not subject to donor-imposed restrictions and may be used at the discretion of IUW's management and Board of Directors. This net asset category includes Board-designated net assets.
- **Net Assets With Donor Restrictions** are subject to stipulations imposed by donors. All of IUW's donor restrictions are temporary in nature; those restrictions will be met by actions of IUW or by the passage of time.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. Restrictions expire when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Gifts associated with the acquisition of long-lived assets are released from restriction when the assets are placed in service.

Estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenses. Actual results could differ from those estimates.

Cash and Equivalents consist of cash in demand deposit accounts and highly liquid investments purchased with an original maturity of three months or less. IUW maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limits. IUW has not experienced any losses from its bank accounts.

Investment Valuation and Income Recognition: Investments are initially recorded at cost, if purchased, or at fair value, if donated. Thereafter, investments are stated at fair value. See Note 3 for discussion of fair value measurements.

Investment return reported in the statements of activities consists of interest and dividend income and realized and unrealized capital gains and losses, net of external investment expenses. Interest income is recorded on the accrual basis, and dividends are recorded on the ex-dividend date. Purchases and sales of investments are recorded on the trade date. Gains and losses on the sale of investments are determined using the specific-identification method.

Property and Equipment are stated at cost for purchased assets, or at fair value at the date of donation for donated assets, less accumulated depreciation. Depreciation of property and equipment is provided on a straight-line basis over the lesser of the estimated useful lives or the related lease term as follows:

Office equipment	3-10 years
Leasehold improvements	3-5 years

Leases: IUW determines if an arrangement is a lease at inception. IUW recognizes a lease asset for its right to use the underlying leased asset and a lease liability for the corresponding obligation to make lease payments. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The present value is calculated using the rate implicit in the lease. If the rate is not readily determinable from the lease, IUW uses a risk-free rate of a period comparable with that of the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. IUW does not recognize an asset and liability for leases with a term of 12 months or less. IUW does not separate lease and non-lease components for all leases.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-lived Assets, including IUW's property and equipment and right-of-use assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparison of the carrying amount to the future net undiscounted cash flows expected to be generated by the related asset.

Contributions and Grants are recognized as support when they are received or unconditionally promised. Grants and contracts are classified as contributions in instances in which a resource provider is not itself receiving commensurate value for the resources provided. Contributions are considered conditional when the agreement with the resource provider includes a barrier that must be overcome and either a right of return of assets transferred or right of release of a promisor's obligation to transfer assets. Conditional contributions are not recognized as revenue until the conditions are substantially met. IUW had no conditional contributions as of December 31, 2024 and 2023.

UniFi Solutions and Membership Services revenues are recognized in the month services are performed.

Grants and Other Assistance are recognized as expense at the time recipients are entitled to receive them. Generally, this occurs when the Board of Directors approves a specific grant, or when management, pursuant to grant-authorization policies established by the Board of Directors, approves a grant. Unconditional grants approved but not yet disbursed are reported as grants payable. Conditional grants approved but contingent upon fulfillment or certain specified conditions by the grantee are not recorded until the conditions have been met. Revocable grants are recorded when grants are distributed to the grantee.

Functional Allocation of Expenses: The costs of providing program and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Directly identifiable expenses are charged to the specific program or supporting service benefited. Expenses related to more than one function are allocated among program and support services based on occupied space (including, occupancy and depreciation and amortization) or time spent by IUW staff (including, personnel expenses, office expenses, and information technology). Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of IUW.

Income Taxes: IUW is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Internal Revenue Code. In addition, IUW has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income tax for 2024 and 2023.

IUW files U.S. federal and Indiana information tax returns. IUW is no longer subject to U.S. federal and state income tax examinations by tax authorities for tax years before 2021. Management believes that IUW's income tax filing positions will be sustained on audit and does not anticipate any adjustments that will result in a material change.

Reclassifications: Certain amounts in the 2023 financial statements have been reclassified to conform to the presentation of the 2024 financial statements.

Subsequent Events: IUW has evaluated the financial statements for subsequent events occurring through June 23, 2025, the date the financial statements were available to be issued.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF RESOURCES

IUW's financial assets available for general expenditure within one year of December 31, 2024 and 2023, were as follows:

	2024	2023
Cash and equivalents	\$16,358,544	\$18,903,816
Investments	82,470,466	76,890,919
Interest receivable	<u>743,954</u>	<u>598,796</u>
Total financial assets	99,572,964	96,393,531
Funds subject to purpose and time restrictions	(93,719,716)	(91,562,447)
Board designated net assets	<u>(2,300,009)</u>	<u>(1,300,093)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u>\$ 3,553,239</u>	<u>\$ 3,530,991</u>

IUW's Board of Directors has designated a portion of its resources without donor restrictions for specific purposes. Those amounts are identified as board-designated in the above table. These funds are set aside for these purposes but remain available and may be spent at the discretion of the Board of Directors.

IUW regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

NOTE 3 - FAIR VALUE MEASUREMENTS AND INVESTMENTS

IUW has categorized its assets and liabilities that are measured at fair value into a three-level fair value hierarchy. The hierarchy 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 asset or 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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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 IUW has the ability to access.

Level 2 – Inputs to the valuation methodology may include: quoted 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; and/or 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. In situations where there is little or no market activity for the asset or liability, IUW makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

Following is a description of the valuation methodologies used by IUW for assets that are measured at fair value on a recurring basis. There have been no changes in the methodologies used at December 31, 2024 and 2023.

Mutual Fund Shares and Money Market Fund Shares: Valued at the daily closing price as reported by the funds. These funds are required to publish their daily net asset value (NAV) and to transact at that price. These funds are deemed to be actively traded.

NOTE 3 - FAIR VALUE MEASUREMENTS AND INVESTMENTS (CONTINUED)

Common Stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

U.S. Government Securities: Valued using pricing models maximizing the use of observable inputs for similar securities.

Certificates of Deposit: Valued by discounting cash flows based on interest rates of similar instruments with similar credit ratings and duration.

Following is a summary, by major nature and risks class within each level of the fair value hierarchy, of IUW's assets that are measured at fair value on a recurring basis as of December 31, 2024 and 2023:

2024	Level 1	Level 2	Total
Assets			
Cash and Equivalents:			
Money market fund shares	\$ 2,147,170		\$ 2,147,170
Total Cash and Equivalents	<u>2,147,170</u>		<u>2,147,170</u>
Investments:			
Mutual fund shares	31,721,989		31,721,989
Common stock	148,294		148,294
U.S. government securities		\$47,015,621	47,015,621
Certificates of deposit		<u>3,584,562</u>	<u>3,584,562</u>
Total Investments	<u>31,870,283</u>	<u>50,600,183</u>	<u>82,470,466</u>
Total Assets at Fair Value	<u>\$34,017,453</u>	<u>\$50,600,183</u>	<u>\$84,617,636</u>
2023	Level 1	Level 2	Total
Assets			
Investments:			
Mutual fund shares	\$25,877,974		\$25,877,974
Common stocks	126,594		126,594
U.S. government securities		\$45,417,183	45,417,183
Certificates of deposit		<u>5,469,168</u>	<u>5,469,168</u>
Total Investments	<u>26,004,568</u>	<u>50,886,351</u>	<u>76,890,919</u>
Total Assets at Fair Value	<u>\$26,004,568</u>	<u>\$50,886,351</u>	<u>\$76,890,919</u>

NOTE 4 - INVESTMENTS

Investments consist of the following at December 31, 2024 and 2023:

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Mutual funds	\$31,600,964	\$31,721,989	\$25,765,118	\$25,877,974
Common stocks	125,955	148,294	117,669	126,594
U.S. government securities	46,470,231	47,015,621	44,746,878	45,417,183
Certificates of deposit	<u>3,581,000</u>	<u>3,584,562</u>	<u>5,466,000</u>	<u>5,469,168</u>
Total Investments	<u>\$81,778,150</u>	<u>\$82,470,466</u>	<u>\$76,095,665</u>	<u>\$76,890,919</u>

NOTE 4 - INVESTMENTS (CONTINUED)

Investment return is summarized as follows (including interest on cash and cash equivalents) for the years ended December 31, 2024 and 2023:

	2024	2023
Interest and dividend income	\$4,516,850	\$1,013,574
Realized and unrealized gains, net	289,132	1,239,578
Investment fees	<u>(250,159)</u>	<u>(66,906)</u>
	<u>\$4,555,823</u>	<u>\$2,186,246</u>

Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

IUW does not intend to sell, and more likely than not will not be required to sell, any securities in an unrealized loss position before recovery of the amortized cost basis. None of the contractual terms of the debt securities allow for the settlement at a price less than the amortized cost bases of the investments. Additionally, U.S. government securities are not impacted by changes in credit quality given the explicit or implicit guarantees provided by the U.S. government. While unrealized losses on certificates of deposit were partially caused by changes in credit quality, IUW does not expect these investments to be settled at prices less than amortized cost. In addition, issuer defaults on certificates of deposit are covered by FDIC insurance up to \$250,000 per issuer.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2024 and 2023:

	2024	2023
Office equipment	\$ 316,927	\$ 316,535
Furniture and equipment	<u>153,686</u>	<u>153,686</u>
	470,613	470,221
Less: Accumulated depreciation	<u>(314,437)</u>	<u>(266,473)</u>
Property and Equipment, net	<u>\$ 156,176</u>	<u>\$ 203,748</u>

NOTE 6 - LEASES

IUW leases office space under a noncancellable operating lease agreement that expires in January 2028. Lease payments have an escalating fee schedule of 2% each year. The lease also requires IUW to pay all executory costs (property taxes, maintenance, and insurance), which results in variable lease payments and are expensed in the period the related obligation was incurred.

NOTE 6 - LEASES (CONTINUED)

Total lease cost for 2024 and 2023 was as follows:

	2024	2023
Operating lease cost	\$ 91,448	\$ 91,448
Variable lease cost	<u>13,968</u>	<u>14,335</u>
Total Lease Cost	<u>\$105,416</u>	<u>\$105,783</u>

The following summarizes the weighted-average remaining lease term and weighted-average discount rate at December 31, 2024 and 2023:

Weighted-average remaining lease term:		
Operating leases	3.1 years	4.1 years
Weighted-average discount rate:		
Operating leases	1.55%	1.55%

The future minimum lease payments under noncancellable operating leases with terms greater than one year were as follows at December 31, 2024:

Payable In	Operating Leases
2025	\$ 92,042
2026	93,653
2027	95,264
2028	<u>7,959</u>
Total future undiscounted lease payments	288,918
Less: Interest	<u>(7,030)</u>
Total Lease Liabilities	<u>\$281,888</u>

NOTE 7 - NET ASSETS***Net Assets Without Donor Restrictions***

Net assets without donor restrictions consisted of the following as of December 31, 2024 and 2023:

	2024	2023
Board-designated for operating reserve	\$2,150,572	\$1,150,656
Board-designated for member association merger funds	149,437	149,437
Undesignated (A)	<u>3,639,181</u>	<u>3,649,530</u>
Total Net Assets Without Donor Restriction	<u>\$5,939,190</u>	<u>\$4,949,623</u>

(A) Undesignated net assets without donor restriction include an operational grant from a donor amounting to \$1,240,000 in 2024 and 2023. These funds are not included as part of IUW's board-designated reserve funds.

NOTE 7 - NET ASSETS (CONTINUED)***Net Assets With Donor Restrictions***

Net assets with donor restrictions consisted of the following as of December 31, 2024 and 2023:

	2024	2023
Subject to Expenditures for Specified Purpose:		
Matching Grant Program	\$ 5,674,700	\$ 5,891,968
Statewide Capital Projects Initiative (SCPI)	74,184,585	80,000,000
SCPI Investment Return	5,311,501	1,662,470
SCPI Administrative	1,300,000	1,700,000
IND Fund	7,185,120	2,230,120
Special Initiatives	<u>63,810</u>	<u>77,889</u>
Total Net Assets With Donor Restrictions	<u>\$93,719,716</u>	<u>\$91,562,447</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the passage of time or other events specified by donors as follows for 2024 and 2023:

	2024	2023
Subject to Expenditures for Specific Purposes:		
Matching Grant Program	\$ 217,267	\$5,537,354
SCPI	5,815,415	
SCPI Administrative	400,000	300,000
IND Fund	45,000	600,000
Special Initiatives	<u>33,983</u>	<u>4,662</u>
Total Net Assets Released from Donor Restrictions	<u>\$6,511,665</u>	<u>\$6,442,016</u>

NOTE 8 - RETIREMENT PLAN

IUW maintains a 403(b) thrift plan that matches 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). IUW contributed \$93,556 and \$79,088 to the plan for the years ended December 31, 2024 and 2023, respectively.

NOTE 9 - RELATED PARTY TRANSACTIONS

IUW regularly conducts business with member associations. During 2024 and 2023, eight and nine members, respectively, of the Board of Directors also serve as Board Members of a member association. During 2024 and 2023, five and four members, respectively, of the Board of Directors are Executive Directors of a member association.

NOTE 9 - RELATED PARTY TRANSACTIONS (CONTINUED)

The following are the membership association transactions and balances with member associations that include IUW Board of Directors in the roles of Board Member or Executive Director for the years ended December 31, 2024 and 2023:

	Contract Fees		Grants to Members	Other Receivables	Grants Payable
	Membership Services	UniFi Solutions			
2024					
Board Members	\$ 83,111	\$ 189,721		\$ 8,563	\$ 2,764
Executive Directors	<u>25,584</u>	<u></u>	<u>\$ (234,895)</u>	<u></u>	<u></u>
	<u>\$ 108,695</u>	<u>\$ 189,721</u>	<u>\$ (234,895)</u>	<u>\$ 8,563</u>	<u>\$ 2,764</u>
2023					
Board Members	\$ 100,401	\$ 165,320	\$(2,318,761)	\$ 7,534	\$ 382
Executive Directors	<u>15,898</u>	<u>16,369</u>	<u>(604,645)</u>	<u>9,358</u>	<u></u>
	<u>\$ 116,299</u>	<u>\$ 181,689</u>	<u>\$(2,923,406)</u>	<u>\$ 16,892</u>	<u>\$ 382</u>

NOTE 10 - CONCENTRATIONS

IUW received approximately 86% and 97% of its total support and revenue from one donor during the years ended December 31, 2024 and 2023, respectively.