

**United Way of
Northwest Indiana, Inc.**

**Financial
Statements
For the Year Ended
June 30, 2022**

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Certified Public Accountants

UNITED WAY OF NORTHWEST INDIANA, INC.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
United Way of Northwest Indiana, Inc.
Valparaiso, Indiana

Opinion

We have audited the accompanying financial statements of United Way of Northwest Indiana, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, 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 financial statements referred to above present fairly, in all material respects, the financial position of United Way of Northwest Indiana, Inc. as of June 30, 2022, 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 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 United Way of Northwest Indiana, 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 United Way of Northwest Indiana, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.

Indianapolis, Indiana

February 23, 2023

UNITED WAY OF NORTHWEST INDIANA, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

	ASSETS		
	Without Donor Restrictions	With Donor Restrictions	Total
CURRENT ASSETS:			
Cash and cash equivalents	\$ 3,602,898	\$ 34,981	\$ 3,637,879
Pledges receivable, net of reserve for uncollectible accounts	462,316	-	462,316
Grants receivable	92,336	-	92,336
Prepaid expenses	2,401	-	2,401
Total current assets	4,159,951	34,981	4,194,932
PROPERTY AND EQUIPMENT:			
Land	334,397	-	334,397
Building and improvements	807,839	-	807,839
Equipment and vehicles	53,663	-	53,663
	1,195,899	-	1,195,899
Less accumulated depreciation	(587,444)	-	(587,444)
Total property and equipment, net	608,455	-	608,455
OTHER ASSETS:			
Investments	129,550	300,408	429,958
Beneficial interest in Community Foundations	1,194,371	-	1,194,371
Total other assets	1,323,921	300,408	1,624,329
Total assets	\$ 6,092,327	\$ 335,389	\$ 6,427,716
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts payable and accrued expenses	\$ 137,152	\$ -	\$ 137,152
Due to donor-designated agencies	37,157	-	37,157
Philanthropy funds payable	2,330	-	2,330
Current maturities of finance lease obligations	3,011	-	3,011
Current maturities of notes payable	105	-	105
Total current liabilities	179,755	-	179,755
LONG-TERM LIABILITIES:			
Finance lease obligations, net of current maturities	5,971	-	5,971
Notes payable, net of current maturities	158,366	-	158,366
Total long-term liabilities	164,337	-	164,337
NET ASSETS:			
Without donor restrictions:			
Undesignated	3,367,625	-	3,367,625
Board designated	1,186,239	-	1,186,239
Board designated endowment	1,194,371	-	1,194,371
With donor restrictions	-	335,389	335,389
Total net assets	5,748,235	335,389	6,083,624
Total liabilities and net assets	\$ 6,092,327	\$ 335,389	\$ 6,427,716

See accompany notes to the financial statements.

UNITED WAY OF NORTHWEST INDIANA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING JUNE 30, 2022

	2022		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT, REVENUES AND GAINS			
Campaign Pledges	\$ 2,519,370	\$ 312,821	\$ 2,832,191
Less: Allowance for Uncollectible Accounts	(90,641)	-	(90,641)
Campaign Pledges - net	2,428,729	312,821	2,741,550
In-kind Contributions	53,892	-	53,892
Grants and contributions	-	2,035,898	2,035,898
Program services	65,974	-	65,974
Investment earnings	2,545	-	2,545
Change in value of beneficial interest	(216,573)	-	(216,573)
Distributions on beneficiary endowment funds	82,791	-	82,791
PPP forgiveness	153,400	-	153,400
Other	29,099	-	29,099
Total other revenue and gains	2,599,857	2,348,719	4,948,576
NET ASSETS RELEASED FROM RESTRICTIONS	3,580,826	(3,580,826)	-
Total revenue and other support	6,180,683	(1,232,107)	4,948,576
EXPENSES			
Program services	4,155,608	-	4,155,608
Supporting services	604,223	-	604,223
Total expenses	4,759,831	-	4,759,831
NET INCREASE (DECREASE) IN NET ASSETS	1,420,852	(1,232,107)	188,745
NET ASSETS FROM MERGED ENTITIES:			
United Way of Porter County Indiana, Inc.	2,726,528	835,511	3,562,039
Lake Area United Way, Inc.	1,600,855	731,985	2,332,840
NET ASSETS - BEGINNING OF YEAR	4,327,383	1,567,496	5,894,879
NET ASSETS - END OF YEAR	<u>\$ 5,748,235</u>	<u>\$ 335,389</u>	<u>\$ 6,083,624</u>

See accompanying notes to the financial statements.

UNITED WAY OF NORTHWEST INDIANA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Total Program Services	Management and General	Resource Development	Total Supporting Services	2022 Totals
EXPENSES					
Salaries and benefits	\$ 1,011,158	\$ 131,903	\$ 71,025	\$ 202,928	\$ 1,214,086
Payroll taxes	66,486	9,730	5,239	14,969	81,455
Professional fees	248,643	64,361	18,337	82,698	331,341
Office supplies	34,793	1,969	1,009	2,978	37,771
Copier maintenance and supplies	5,226	641	343	984	6,210
Telephone	41,496	6,054	2,696	8,750	50,246
Postage	1,800	140	232	372	2,172
Utilities	15,233	2,264	1,189	3,453	18,686
Repairs and maintenance	45,558	6,010	3,236	9,246	54,804
Printing and campaign	79,465	7,949	55,239	63,188	142,653
Transportation	24,892	1,013	1,091	2,104	26,996
Civic engagement	8,254	756	646	1,402	9,656
Direct assistance	253,124	-	-	-	253,124
Professional development	9,373	5,054	1,708	6,762	16,135
Dues	2,885	64,572	285	64,857	67,742
Miscellaneous expense	23,126	8,256	1,624	9,880	33,006
Insurance	6,401	665	358	1,023	7,424
Board designated expenses	10,424	105,579	135	105,714	116,138
Allocation to agencies and programs	2,160,566	-	-	-	2,160,566
In-kind	35,000	-	18,892	18,892	53,892
Depreciation	20,045	2,615	1,408	4,023	24,068
Total operating expenses	<u>\$ 4,155,608</u>	<u>\$ 419,531</u>	<u>\$ 184,692</u>	<u>\$ 604,223</u>	<u>\$ 4,759,831</u>

See accompanying notes to financial statements.

UNITED WAY OF NORTHWEST INDIANA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:	2022
Change in net assets	\$ 188,745
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:	
Depreciation and amortization expense	24,785
(Gain)/loss on disposal of assets	20,988
Provision for uncollectible pledges	90,641
Gain on PPP forgiveness	(153,500)
Change in value of beneficial interest	216,560
Increase (decrease) in cash from changes in:	
Receivables	519,001
Prepaid expenses and other assets	33,827
Accounts payable and accrued expenses	(245,719)
Due to donor designated agencies	(152,080)
Philanthropy funds payable	(19,588)
Net cash provided by (used in) operating activities	<u>523,660</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of investments	<u>(740)</u>
Net cash provided by (used in) investing activities	<u>(740)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Principal payments toward capital lease	(5,540)
Deferred accrued interest on notes payable	<u>4,346</u>
Net cash provided by (used in) financing activities	<u>(1,194)</u>
NET INCREASE (DECREASE) IN CASH	<u>521,726</u>
CASH AND CASH EQUIVALENTS FROM MERGED ENTITIES	
United Way of Porter County Indiana, Inc.	1,609,359
Lake Area United Way, Inc.	<u>1,506,794</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,116,153</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 3,637,879</u></u>

See accompanying notes to financial statements.

UNITED WAY OF NORTHWEST INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

United Way of Northwest Indiana, Inc. (“the Organization”) was formed with the merger of United Way of Porter County, Inc. and Lake Area United Way, Inc. and is incorporated as a not-for-profit organization under the laws of the State of Indiana. The Organization’s mission is to improve lives by mobilizing the caring power of Northwest Indiana to advance the common good. The Organization is governed by a local voluntary Board of Directors (“the Board”) and managed by local staff. It is affiliated with the United Way Worldwide through the National Service and Training Center only in that it receives services from the National Center for which it remits voluntary dues. The Organization’s primary sources of revenue are individual and corporate contributions from its fundraising campaign, state and other grants.

INCOME TAX STATUS

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3). Contributions to the Organization are tax deductible for federal income tax purposes. However, the Organization is subject to federal income tax on any unrelated business taxable income.

When applicable, changes in benefits arising from current and prior tax positions taken by the Organization are recognized in the period in which the change occurs. Changes resulting from settlements with taxing authorities are recognized in the period that settlement occurs. Reductions in unrecognized tax benefits as a result of a lapse of the applicable statute of limitations are recognized the period the statute lapses.

The Organization's policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. The Organization did not record any interest or penalties associated with any unrecognized tax benefits during the years ended June 30, 2022, and no amounts are accrued as of June 30, 2022. The Organization does not anticipate any material amounts of unrecognized tax benefits within the next 12 months.

The Organization's income tax returns are subject to review and examination by federal and state authorities. The federal and state income tax returns of the Organization are subject to examination by the Internal Revenue Service and the Indiana Department of Revenue generally for three years after they were filed.

BASIS OF ACCOUNTING

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

UNITED WAY OF NORTHWEST INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

FINANCIAL STATEMENT PRESENTATION

United Way of Northwest Indiana, Inc. is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. A description of the net asset classes follows:

Net assets without donor restrictions represent the portion of net assets of United Way of Northwest Indiana, Inc. that is not subject to donor-imposed restrictions. Net assets without donor restrictions include expendable funds available for the support of the Organization. Board designated net assets are net assets without donor restrictions with self-imposed designations by action of the governing board.

Net assets with donor restrictions represent contributions and other inflows of assets whose use by United Way of Northwest Indiana, Inc. is limited by donor-imposed stipulations that either expire by passage of time, can be fulfilled and removed by actions of United Way of Northwest Indiana, Inc. pursuant to those stipulations, or net assets that must be held in perpetuity.

Net assets with donor restrictions also include, pursuant to Indiana law, cumulative appreciation and reinvested gains on net assets with donor restrictions that are held in perpetuity, which have not been appropriated by the Board of Directors.

The classification of net assets with donor restrictions includes grant awards as the grant funds are restricted to specific programs/expenses as defined in the awards. Also included in net assets with donor restrictions is program income that is generated as part of the grant activity. When expenses are incurred against grant funds and related program income, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of revenue, expenses, and changes in net assets as net assets released from restriction.

CASH AND CASH EQUIVALENTS

The Organization considers time deposits, certificates of deposit, and other highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

SUPPORT AND REVENUE

Contributions, including unconditional promises to give, are recognized as revenue in the period received. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts that are restricted for future periods or for specific purposes are reported as net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or donor restriction is met, contributions are reported as net assets released from restrictions in the statement of activities.

UNITED WAY OF NORTHWEST INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

SUPPORT AND REVENUE – (continued)

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until conditions on which they depend have been substantially met.

Donors can choose to designate that their contributions be distributed to a specific organization or another United Way. Such contributions are referred to as donor designations. The collection of these contributions and distributions to specified agencies or other United Ways are transactions in which the Organization is acting as an agent. These transactions are not reported in the statement of activities as revenue and expenses but are included in campaign contributions and then deducted as donor designated contributions before arriving at campaign contributions revenue. The amount of donor designations to unaffiliated agencies that remain unpaid at year end is included in the statement of financial position as due to donor-designated agencies and philanthropy funds payable.

United Way pledges received from donors who have elected to use third-party pledge administrators to process the designation payments on their behalf are included in gross campaign results and gross agency distributions, in accordance with United Way Worldwide membership requirements. They are not included in pledges receivable or designations payable because those donations are paid directly by the donor to the third-party administrator to remit to the designated agencies.

In addition to receiving cash contributions, the Organization receives in-kind contributions from various donors. It is the policy of the Organization to record the estimated fair market value of certain in-kind donations as an expense in its financial statements, and similarly increase revenue and other support by the same amount. Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance non-financial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

The Board makes significant contributions of time relative to general management and operations. Additionally, a substantial number of unpaid volunteers have made significant contributions of their time to the programs sponsored by the Organization. The value of this contributed time is not reflected in the financial statements since it does not meet the requirements for recognition under U.S. GAAP.

UNITED WAY OF NORTHWEST INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

PLEDGES RECEIVABLE

Pledges receivables are stated at amounts management expects to collect from outstanding balances. All pledges receivables are expected to be collected within one year. Based on prior experience, the Organization expects that certain pledges receivable will be uncollectible. Using this experience, the Organization has computed a percentage of total pledges receivable to estimate their allowance for uncollectible pledges. The allowance for uncollectible pledges is \$58,399 for the year ended June 30, 2022.

GRANTS RECEIVABLE

Receivables and revenues from various institutions under cost reimbursement grants are recognized when the expenses have been incurred.

PROPERTY AND EQUIPMENT

Property and equipment are carried at cost less accumulated depreciation. Donated property is recorded at fair market value at the time of receipt. Depreciation is provided on the property and equipment over the estimated useful lives. The Organization computes depreciation using the straight-line method. When properties are retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation, and any resultant gains or losses are credited or charged to changes in net assets.

A summary of the estimated useful lives of property and equipment follows:

Office equipment	5 - 7 years
Building	39 years
Vehicles	5 years

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by a comparison of the carrying amount of an asset to undiscounted expected cash flows. Future events could cause the Organization to conclude that impairment indicators exist and that long-lived assets may be impaired. No asset impairment was recognized during the year ended June 30, 2022.

INVESTMENTS AND INVESTMENT RETURN

Investments consist of money market funds, municipal bonds and certificates of deposit and with original maturities in excess of three months. The investments are carried at cost plus accrued interest which equals market. Investment return includes interest earned.

UNITED WAY OF NORTHWEST INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

AGENCY ALLOCATIONS

The Board approves the allocations on a basis which is contingent upon actual and estimated future cash availability. Accordingly, allocations are recorded in the financial statements when the allocation is deemed unconditional.

EXPENSE CLASSIFICATION AND ALLOCATION

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated by management among the program, management, and general and resource development based on estimated usage and the accumulation of relevant, current, and historical data.

Program Services: Expenses directly related to programs or services are classified as program expenses.

Management and General: Expenses in support of all of the Organization's activities are classified as management and general expenses.

Resource Development: Expenses directly related to revenue generation and the development of new revenue streams. These expenses include the recruitment, training, and supervision of resource development staff and volunteers. The staff works with local companies to develop and implement workplace campaigns for their employees.

Expenses are allocated based on time spent.

ADVERTISING

Advertising costs are included in operating expenses and are expensed as incurred. Advertising expense was \$81,579 for the year ended June 30, 2022.

UNITED WAY OF NORTHWEST INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

FAIR VALUE OF FINANCIAL INSTRUMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The Organization has categorized its assets and liabilities that are measured at fair value, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy:

Level 1: Quoted prices for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy

Investments: Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. Level 1 investments include money market funds. If quoted prices in active markets for identical assets or liabilities are not available to determine fair value, then quoted prices for similar assets and liabilities or inputs other than the quoted prices are used that are observable either directly or indirectly. These investments are included in Level 2 and consist of certificates of deposits and municipal bonds. There are no Level 3 investments.

Beneficial interest in Community Foundations: The fair value of the beneficial interest in the Porter County Community Foundation and the Legacy Foundation was based on information provided by the Community Foundations on the overall fair market value of the funds and are classified as a Level 2 investments.

UNITED WAY OF NORTHWEST INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 23, 2023, which is the date the financial statements were available to be issued.

RECENT ACCOUNTING PRONOUNCEMENTS

Leases

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2021. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently evaluating the impact the adoption of this guidance will have on the financial statements.

NOTE 2 – CONCENTRATION OF CREDIT RISKS

The Organization maintains its cash balances at multiple financial institutions. The accounts at the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balance in excess of \$250,000 is collaterally secured by the banks with Treasury Bills. At June 30, 2022, the Organization had uninsured bank balances amounting to \$2,929,499 in excess of FDIC coverage.

Contribution pledges from three major corporate donors and its employees (major donor is defined as donors who provided in excess of 10% of total contributions revenue) approximated 48% of total contributions revenue in 2022. In addition, four corporate donors and their employees' receivables represent 65% of total pledge receivables at June 30, 2022.

Approximately 56% of the funding for the Organization came from pledges from corporations and individuals for 2022. The portion of funding coming from corporations and individuals can fluctuate significantly year to year due to the cyclical nature of the grant process.

UNITED WAY OF NORTHWEST INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 – INVESTMENTS

The Organization's investments are presented in the financial statements at fair value based on quoted market prices.

	<u>2022</u>
Money market funds, other	\$ 359,958
Municipal bonds	70,000
	<u>\$ 429,958</u>
The net return on investments in as follows:	
Interest income	\$ 853
Unrealized gain (loss)	-
	<u>\$ 853</u>

NOTE 4 – PROPERTY AND EQUIPMENT

The Organization's property and equipment at June 30, 2022, is detailed as follows:

	<u>2022</u>
Land	\$ 334,397
Building and improvements	807,839
Office furniture and equipment	53,663
	<u>1,195,899</u>
Accumulated depreciation	(587,444)
Total	<u>\$ 608,455</u>

NOTE 5 – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Organization has assets previously transferred to the Porter County Community Foundation and Legacy Foundation ("the Foundations") and retained a beneficial interest in those assets. At the time of the transfer, the Foundations were granted variance power. That power gives the Foundations the right to make the final decision regarding distributions from the fund. The funds held at the Foundations are board-designated and, therefore, unrestricted. The Foundations invest the funds on behalf of the Organization in return for which the Organization pays a management fee. Under terms of the agreement, the Organization can withdraw all or a portion of the original amount transferred, any appreciation on those transferred assets, or both, provided the governing board of the Organization and the Foundations approve of the withdrawal. The cumulative amount of the retained beneficial interest included in the Statement of Financial Position at June 30, 2022, was \$1,194,371.

UNITED WAY OF NORTHWEST INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 – FINANCE LEASE OBLIGATIONS

The Organization leases certain equipment under financing leases. The Organization carries the right to use assets of \$22,740 less accumulated amortization of \$12,067 as of June 30, 2022. Amortization expense was \$4,584 for the year ended June 30, 2022.

Minimum annual lease payments for the terms of the leases are as follows:

	2023	\$	6,263	
	2024		1,578	
	2025		1,152	
	2026		288	
	2027		-	
			9,281	
			(299)	
			8,982	
			(3,011)	
			5,971	
		\$	5,971	

NOTE 7 – NOTES PAYABLE

In July 2020, the United Way of Porter County, Inc. received \$150,000 from an Economic Injury Disaster Loan from the SBA. The loan matures in June 2050 and bears an interest rate of 2.75%. Repayment will begin December 2022 with monthly installments of \$641. Interest accrued as of June 30, 2022 is \$8,471.

The future maturities of the note payable are as follows for the years ended December 31:

	2023	\$	105	
	2024		4,313	
	2025		4,219	
	2026		4,122	
	2027		4,022	
	Thereafter		141,690	
		\$	158,471	

UNITED WAY OF NORTHWEST INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 – BOARD DESIGNATED ENDOWMENT FUNDS

The Board designated endowment funds include funds invested with Porter County Community Foundation and Legacy Foundation. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Since the endowment resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets. The Organization does not have any donor-restricted endowment funds.

Interpretation of UPMIFA:

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

Changes in endowment net assets for the years ended June 30, 2022 and 2021, were as follows:

		<u>2022</u>
Beginning of the year	\$	-
Merged Porter		949,948
Merged Lake		460,996
Contributions		-
Net investment return		(158,570)
Expenses		(16,813)
Distributions		(41,190)
Total:	\$	<u><u>1,194,371</u></u>

Return Objectives and Risk Parameters: The Organization has adopted investment and spending policies for endowment assets that attempt to maximize long-term gains with an acceptable level of risk while seeking to maintain the purchasing power of the endowment assets. Under these policies, endowment assets are invested in a manner that is intended to produce results that meet or exceed specified market indices while assuming a moderate level of risk.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to the Spending Policy:

Disbursements of endowment funds are approved by the Board and are made when deemed appropriate. The amount expended, excluding management fees, totaled \$41,190 during the year ended June 30, 2022. An additional \$15,943 was available for spending as of June 30, 2022.

UNITED WAY OF NORTHWEST INDIANA, INC.
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NOTE 9 – NET ASSETS

Board designated net assets consist of Board designated endowment funds discussed in Note 8 and amounts set-aside for the following as of June 30, 2022:

	<u>2022</u>
Contingency reserve	<u>\$ 1,186,239</u>

Donor restricted net assets consist of the following at June 30, 2022:

	<u>2022</u>
COAD	\$ 228,814
Early Learning Partnership	100,000
Campaign pledges receivable	<u>6,575</u>
	<u>\$ 335,389</u>

NOTE 10 – RETIREMENT PLAN

The Organization adopted a 403(b) Thrift Plan ("the Plan") to provide retirement benefits for all eligible employees as defined by the Plan. Employees may elect to defer wages subject to applicable Internal Revenue Service limits. The Organization matches 50% of a participant's contributions with a maximum employer contribution of 2% of the participant's compensation after a year of service. In addition, the Organization may contribute a base percentage of the employee's compensation for all eligible employees of 6% whether or not the employee has made contributions to the Plan.

The amount charged to expense and included in salaries and benefits on the Statement of Functional Expenses is \$57,375.

NOTE 11 – PAYMENTS TO AFFILIATES

During the year ended June 30, 2022, the Organization recorded expense for amounts due to affiliates that represent dues to United Way Worldwide of \$43,664, and dues to Indiana Association of United Ways of \$17,448.

UNITED WAY OF NORTHWEST INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 12 – FUNDS HELD BY OTHERS

The Organization is the beneficiary of certain donor-designated endowment funds administered by the Porter County Community Foundation. The endowments, funded by outside donors, were established for the exclusive purpose of providing support for the Organization. The cumulative value of the funds as of June 30, 2022, are approximately \$819,000. The Foundation has been granted variance power over these funds, and accordingly, these funds are not included in the accompanying Statements of Financial Position. The Organization received distributions totaling \$40,667 from donor-designated endowment funds during the year ending June 30, 2022.

The Organization is the beneficiary of a \$1 million trust administered by a bank. The assets of the trust are not included in the Statements of Financial Position of the Organization since the trust is revocable at the discretion of the donor.

NOTE 13 – INFORMATION ABOUT LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2022</u>
Cash and cash equivalents	\$ 3,637,879
Pledges receivable, net of reserve for uncollectible accounts	462,316
Grants receivable	92,336
Investments	<u>429,958</u>
Total financial assets	4,622,489
Less:	
Board designated assets	(1,186,239)
Donor restricted assets	<u>(335,389)</u>
Financial assets available for cash needs for general expenditures within one year	<u><u>\$ 3,100,861</u></u>

The board-designated net assets as described in Note 9 include a contingency reserve of \$1,186,239 June 30, 2022. Although it is not the general intent to spend from these board-designated reserves (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

UNITED WAY OF NORTHWEST INDIANA, INC.
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NOTE 14 – IN-KIND CONTRIBUTIONS

The Organization received contributions of various services and materials. The majority of these services and material were donated for the campaign event. Those services and materials are valued at the market rate charged for the particular service and materials being provided. The Organization utilized during the year ended June 30, 2022 as follows:

Advertising - campaign	\$48,892
Holiday shopping programs	<u>5,000</u>
Total gifts-in-kind	<u><u>\$53,892</u></u>