

**United Way of  
Porter County Indiana, Inc.**



**Financial  
Statements  
For the Years Ended  
June 30, 2020 and 2019**

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*Certified Public Accountants*

**UNITED WAY OF PORTER COUNTY INDIANA, INC.  
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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of United Way of Porter County Indiana, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Porter County Indiana, Inc. as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Comer, Nowling And Associates, P.C.*

Comer, Nowling And Associates, P.C.

Indianapolis, Indiana

November 16, 2020

**UNITED WAY OF PORTER COUNTY INDIANA, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2020 AND 2019**

**ASSETS**

	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$ 588,820	\$ 979,409	\$ 1,568,229	\$ 596,491
Pledges receivable, net of reserve for uncollectible accounts	326,264	-	326,264	-
Grants receivable	78,142	-	78,142	-
Prepaid expenses	26,234	-	26,234	-
Total current assets	<u>1,019,460</u>	<u>979,409</u>	<u>1,998,869</u>	<u>37,256</u>
<b>PROPERTY AND EQUIPMENT:</b>				
Land	250,463	-	250,463	-
Building and improvements	559,677	-	559,677	-
Equipment and vehicles	19,727	-	19,727	-
Less accumulated depreciation	829,867	-	829,867	-
	<u>(329,776)</u>	<u>-</u>	<u>(329,776)</u>	<u>(314,611)</u>
Total property and equipment, net	<u>500,091</u>	<u>-</u>	<u>500,091</u>	<u>515,256</u>
<b>OTHER ASSETS:</b>				
Investments	149,417	279,386	428,803	340,104
Beneficial interest in Community Foundation	725,165	-	725,165	-
Total other assets	<u>874,582</u>	<u>279,386</u>	<u>1,153,968</u>	<u>340,104</u>
Total assets	<u>\$ 2,394,133</u>	<u>\$ 1,258,795</u>	<u>\$ 3,652,928</u>	<u>\$ 377,360</u>
				<u>\$ 2,853,349</u>

See accompanying notes to financial statements.

**UNITED WAY OF PORTER COUNTY INDIANA, INC.  
STATEMENTS OF FINANCIAL POSITION – (CONTINUED)  
JUNE 30, 2020 AND 2019**

**LIABILITIES AND NET ASSETS**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>CURRENT LIABILITIES:</b>						
Accounts payable and accrued expenses	\$ 128,680	\$ -	\$ 128,680	\$ 82,288	\$ -	\$ 82,288
Due to donor-designated agencies	69,405	-	69,405	84,992	-	84,992
Philanthropy funds payable	26,205	-	26,205	28,152	-	28,152
Current maturities of notes payable	67,509	-	67,509	-	-	-
Total current liabilities	291,799	-	291,799	195,432	-	195,432
<b>LONG-TERM LIABILITIES:</b>						
Notes payable, net of current maturities	85,991	-	85,991	-	-	-
<b>NET ASSETS:</b>						
Without donor restrictions:						
Undesignated	614,350	-	614,350	471,265	-	471,265
Board designated	676,828	-	676,828	1,022,481	-	1,022,481
Board designated endowment	725,165	-	725,165	786,811	-	786,811
With donor restrictions	-	1,258,795	1,258,795	-	377,360	377,360
Total net assets	2,016,343	1,258,795	3,275,138	2,280,557	377,360	2,657,917
Total liabilities and net assets	\$ 2,394,133	\$ 1,258,795	\$ 3,652,928	\$ 2,475,989	\$ 377,360	\$ 2,853,349

See accompany notes to the financial statements.

**UNITED WAY OF PORTER COUNTY INDIANA, INC.  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDING JUNE 30, 2020 AND 2019**

	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
		Total		Total
<b>SUPPORT, REVENUES AND GAINS</b>				
Campaign Contributions	\$ 1,131,984	\$ 183,686	\$ 1,315,670	\$ 55,917
Less: donor-designated contributions	(149,754)	-	(149,754)	-
Campaign contributions revenue - net	982,230	183,686	1,165,916	55,917
<b>OTHER REVENUES AND GAINS</b>				
Program services	65,318	-	65,318	89,614
Investment earnings	7,119	-	7,119	12,127
Change in value of beneficial interest	(61,649)	-	(61,649)	(27,841)
Distributions on beneficiary endowment funds	78,186	-	78,186	77,700
Grants	-	1,428,805	1,428,805	633,325
Other	204	-	204	336
Total other revenue and gains	89,178	1,428,805	1,517,983	633,325
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	731,056	(731,056)	-	(605,207)
Total revenue and other support	1,802,464	881,435	2,683,899	84,035
<b>EXPENSES</b>				
Program services	1,826,694	-	1,826,694	1,793,726
Supporting services	239,984	-	239,984	262,478
Total expenses	2,066,678	-	2,066,678	2,056,204
<b>NET INCREASE (DECREASE) IN NET ASSETS</b>	(264,214)	881,435	617,221	84,035
<b>NET ASSETS - BEGINNING OF YEAR</b>	2,280,557	377,360	2,657,917	293,325
<b>NET ASSETS - END OF YEAR</b>	\$ 2,016,343	\$ 1,258,795	\$ 3,275,138	\$ 377,360

See accompanying notes to the financial statements.

**UNITED WAY OF PORTER COUNTY INDIANA, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020**

	Volunteer Development	RSVP	Kinder Kamp	AmeriCorps	Other	Total Program Services	Management and General	Resource Development	Total Supporting Services	2020 Totals
<b>EXPENSES</b>										
Salaries and benefits	\$ 207,030	\$ 120,423	\$ 9,076	\$ 72,902	\$ 169,943	\$ 579,374	\$ 40,116	\$ 27,790	\$ 67,906	\$ 647,280
Payroll taxes	11,624	6,862	634	4,958	10,856	34,934	2,646	1,831	4,477	39,411
Professional fees	27,101	3,600	30,824	-	3,150	64,675	62,819	503	63,322	127,997
Office supplies	3,807	4,854	-	-	80,812	89,473	899	631	1,530	91,003
Leases	1,174	629	-	-	1,166	2,969	276	191	467	3,436
Telephone	19,170	986	-	-	15,336	35,492	3,619	2,505	6,124	41,616
Postage	1,367	1,105	-	120	924	3,516	219	151	370	3,886
Utilities	2,159	834	-	-	5,155	8,148	1,219	843	2,062	10,210
Repairs and maintenance	43,705	3,009	-	-	14,782	61,496	3,482	2,399	5,881	67,377
Printing and campaign	528	-	-	9,348	305	10,181	72	45,502	45,574	55,755
Transportation	2,020	12,734	-	1,127	1,499	17,380	354	1,277	1,631	19,011
Civic engagement	1,532	2,556	-	-	1,970	6,058	466	366	832	6,890
Processing fees	594	-	-	-	5,199	5,793	(385)	444	59	5,852
Professional development	2,281	1,945	-	-	3,489	7,715	825	1,203	2,028	9,743
Dues	4,743	3,297	-	-	11,268	19,308	10,849	1,860	12,709	32,017
Miscellaneous expense	492	-	-	-	-	492	-	-	-	492
Insurance	1,214	1,067	-	-	2,902	5,183	686	475	1,161	6,344
Unrealized pledge dollars	-	-	-	-	6,918	6,918	-	-	-	6,918
Member costs	-	-	-	160,178	-	160,178	-	-	-	160,178
Board designated expenses	32,111	31,610	-	-	46,316	110,037	1,932	18,050	19,982	130,019
Allocation to agencies and programs	-	-	15,000	-	571,078	586,078	-	-	-	586,078
Depreciation	3,331	-	-	-	7,965	11,296	2,566	1,303	3,869	15,165
Total operating expenses	\$ 365,983	\$ 195,511	\$ 55,534	\$ 248,633	\$ 961,033	\$ 1,826,694	\$ 132,660	\$ 107,324	\$ 239,984	\$ 2,066,678

See accompanying notes to financial statements.



**UNITED WAY OF PORTER COUNTY INDIANA, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019**

	Volunteer Development	RSVP	Kindergarten Kamp	AmeriCorps	Other	Total Program Services	Management and General	Resource Development	Total Supporting Services	2019 Totals
<b>EXPENSES</b>										
Salaries and benefits	\$ 162,044	\$ 119,485	\$ 9,641	\$ 86,294	\$ 155,388	\$ 532,852	\$ 53,078	\$ 36,132	\$ 89,210	\$ 622,062
Payroll taxes	10,143	6,763	591	4,958	9,815	32,270	3,414	2,346	5,760	38,030
Professional fees	62,091	3,180	27,619	10,006	24,481	127,377	63,320	18,314	81,634	209,011
Office supplies	10,085	4,315	11,183	-	61,864	87,447	1,674	1,350	3,024	90,471
Leases	1,441	1,036	-	-	1,521	3,998	633	364	997	4,995
Telephone	17,450	1,178	-	-	6,737	25,365	2,343	1,611	3,954	29,319
Postage	693	733	-	400	922	2,748	321	4,090	4,411	7,159
Utilities	2,899	1,656	-	-	4,938	9,493	1,718	1,181	2,899	12,392
Repairs and maintenance	32,154	2,999	-	-	11,634	46,787	4,079	2,816	6,895	53,682
Printing and campaign	627	-	-	646	821	2,094	285	18,441	18,726	20,820
Transportation	4,028	16,346	-	2,018	694	23,086	241	2,112	2,353	25,439
Civic engagement	3,368	1,463	367	-	1,910	7,108	664	650	1,314	8,422
Processing fees	1,398	-	70	-	3,712	5,180	3,333	617	3,950	9,130
Professional development	3,976	3,191	-	3,130	1,937	12,234	674	463	1,137	13,371
Dues	2,612	3,869	-	-	4,433	10,914	17,441	1,062	18,503	29,417
Miscellaneous expense	(216)	-	-	-	(666)	(882)	(720)	(77)	(797)	(1,679)
Insurance	1,424	4,422	-	-	2,427	8,273	844	580	1,424	9,697
Unrealized pledge dollars	-	-	-	-	-	-	-	-	-	-
Member costs	-	-	-	143,331	-	143,331	-	-	-	143,331
Board designated expenses	47,704	19,789	350	-	15,442	83,285	3,217	9,973	13,190	96,475
Allocation to agencies and programs	-	-	7,500	-	611,800	619,300	-	-	-	619,300
Depreciation	4,241	-	-	-	7,225	11,466	2,166	1,728	3,894	15,360
<b>Total operating expenses</b>	<b>\$ 368,162</b>	<b>\$ 190,425</b>	<b>\$ 57,321</b>	<b>\$ 250,783</b>	<b>\$ 927,035</b>	<b>\$ 1,793,726</b>	<b>\$ 158,725</b>	<b>\$ 103,753</b>	<b>\$ 262,478</b>	<b>\$ 2,056,204</b>

See accompanying notes to financial statements.

**UNITED WAY OF PORTER COUNTY INDIANA, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2020 AND 2019**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	<u>2020</u>	<u>2019</u>
Change in net assets	\$ 617,221	\$ (261,412)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	15,165	15,360
Provision for uncollectible pledges	6,918	-
Unrealized (gain) / loss on investments	(314)	1,190
Change in value of beneficial interest	61,646	27,841
Increase (decrease) in cash from changes in:		
Receivables	61,001	(80,582)
Prepaid expenses and other assets	8,438	14,268
Accounts payable and accrued expenses	46,392	(15,369)
Due to donor designated agencies	(15,587)	(39,572)
Philanthropy funds payable	(1,947)	(5,813)
Net cash provided by (used in) operating activities	<u>798,933</u>	<u>(344,089)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	25,807	504,613
Purchases of investments	(6,502)	(12,093)
Change in restricted cash	(942,153)	611
Net cash provided by (used in) investing activities	<u>(922,848)</u>	<u>493,131</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from notes payable	153,500	-
Net cash provided by (used in) financing activities	<u>153,500</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	29,585	149,042
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>559,235</u>	<u>410,193</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 588,820</u>	<u>\$ 559,235</u>

See accompanying notes to financial statements.

**UNITED WAY OF PORTER COUNTY INDIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

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

**MISSION STATEMENT**

United Way of Porter County Indiana, Inc. will lead, unite and inspire our community to improve lives.

**NATURE OF OPERATIONS**

The United Way of Porter County Indiana, Inc. (“the Organization”) was incorporated as a not-for-profit organization on February 4, 1957 under the laws of the State of Indiana. The Organization was formed to identify needs, develop and mobilize resources, and implement programs in a manner that models shared leadership, enhances organizational capacity and builds a better community. 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.

United Way of Porter County Indiana, Inc. received the 2014 “Rising Star” award from the Indiana Association of United ways, recognizing its community impact work within the North Region of Indiana. In addition, the Organization received a 4-star rating from Charity Navigator, America’s largest and most utilized independent evaluator of charities.

**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.

The Organization follows guidance issued by the FASB with respect to accounting for uncertainty in income taxes. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The tax benefit recognized is the largest amount of tax benefit that is greater than fifty percent likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.

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, 2018 and 2017, and no amounts are accrued as of June 30, 2018 or 2017. 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 for tax years 2015 and beyond remain subject to examination by the Internal Revenue Service and the Indiana Department of Revenue generally for three years after they were filed.

**UNITED WAY OF PORTER COUNTY INDIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

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

**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.

**FINANCIAL STATEMENT PRESENTATION**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. Per the applicable standards, United Way of Porter County 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 Porter County 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 Porter County is limited by donor-imposed stipulations that either expire by passage of time, can be fulfilled and removed by actions of United Way of Porter County 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.

**UNITED WAY OF PORTER COUNTY INDIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

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

**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.

Contributions of assets other than cash are recorded at the estimated fair value at the date of donation. Grants are recognized as support and revenue during the period earned.

Donor-designated Contributions: 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.

**CONTRIBUTED MATERIALS AND SERVICES**

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 PORTER COUNTY INDIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

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

**PLEDGES RECEIVABLE**

Pledges receivable is stated at amounts management expects to collect from outstanding balances. All pledges receivable is 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 was \$48,331 and \$63,124 for the years ended June 30, 2020 and 2019, respectively.

**GRANTS RECEIVABLE**

Receivables and revenues from various institutions under cost reimbursement programs 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 in accordance with ASC 360, *Accounting for the Impairment or Disposal of Long-Lived Assets*. 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 years ended June 30, 2020 and 2019.

**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 PORTER COUNTY INDIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**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.

**UNITED WAY OF PORTER COUNTY INDIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

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

**FAIR VALUE OF FINANCIAL INSTRUMENTS**

The FASB Accounting Standards Codification topic “*Fair Value Measurement*” defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Organization’s principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The standard establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring 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 Foundation:* The fair value of the beneficial interest in the Porter County Community Foundation was based on information provided by the Community Foundation on the overall fair market value of the fund and is classified as a Level 2 investment.



**UNITED WAY OF PORTER COUNTY INDIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)**

**RECLASSIFICATIONS**

Certain prior year financial information has been reclassified to conform to the current year presentation.

**SUBSEQUENT EVENTS**

Subsequent events have been evaluated through November 16, 2020, which is the date the financial statements were available to be issued.

**RECENT ACCOUNTING PRONOUNCEMENTS**

*Revenue Recognition from Contract with Customers*

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that revenue is recognized when a customer obtains control of a good or service. Transfer of control is not the same as transfer of risks and rewards, as it is considered in current guidance. The Organization will also need to apply new guidance to determine whether revenue should be recognized over time or at a point in time. ASU 2014-09, as deferred by ASU 2015-14, will be effective for annual reporting periods beginning after December 15, 2020, using either of two methods: (a) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within ASU 2014-09; or (b) retrospective with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application and providing certain additional disclosures as defined in ASU 2014-09. The Organization has not yet selected a transition method and is currently evaluating the impact of the pending adoption of ASU 2014-09 on the financial statements.

*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, and interim periods for years beginning after December 15, 2022. 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.

**UNITED WAY OF PORTER COUNTY INDIANA, INC.**  
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**NOTE 2 – CONCENTRATION OF CREDIT RISKS**

The Organization maintains its cash balances at three 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, 2020, the Organization had uninsured bank balances amounting to \$1,125,455 in excess of FDIC coverage.

Contribution pledges from two major corporate donors and its employees (major donor is defined as donors who provided in excess of 10% of total contributions revenue) approximated 21% and 26% of total contributions revenue in 2020 and 2019, respectively. In addition, two corporate donors and their employees' receivables represent 52% and 39% of total pledge receivables at June 30, 2020 and 2019, respectively.

Approximately 43% and 56% of the funding for the Organization came from pledges from corporations and individuals for 2020 and 2019, respectively. The portion of funding coming from corporations and individuals can fluctuate significantly year to year due to the cyclical nature of the grant process.

**NOTE 3 – INVESTMENTS**

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

	<u>2020</u>	<u>2019</u>
Money market funds, other	\$ 333,803	\$ 111,756
Certificates of deposit	-	226,038
Municipal bonds	95,000	110,000
	<u>\$ 428,803</u>	<u>\$ 447,794</u>

The net return on investments in as follows:

Interest income	7,433	\$ 10,937
Unrealized gain (loss)	(314)	1,190
	<u>\$ 7,119</u>	<u>\$ 12,127</u>

**UNITED WAY OF PORTER COUNTY INDIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 4 – PROPERTY AND EQUIPMENT**

The Organization's property and equipment at June 30, 2020 and 2019, is detailed as follows:

	<u>2020</u>	<u>2019</u>
Land	\$ 250,463	\$ 250,463
Building and improvements	559,677	559,677
Office furniture and equipment	<u>19,727</u>	<u>19,727</u>
	829,867	829,867
Accumulated depreciation	<u>(329,776)</u>	<u>(314,611)</u>
Total	<u>\$ 500,091</u>	<u>\$ 515,256</u>

**NOTE 5 – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS**

The Organization has transferred assets to the Porter County Community Foundation ("the Foundation") and retained a beneficial interest in those assets. At the time of the transfer, the Organization granted variance power to the Foundation. That power gives the Foundation the right to make the final decision regarding distributions from the fund. The funds held at the Foundation are board-designated and, therefore, unrestricted. The Foundation invests 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 Foundation approve of the withdrawal. The cumulative amount of the retained beneficial interest included in the Statements of Financial Position at June 30, 2020 and 2019, was \$725,165 and \$786,811, respectively.

**NOTE 6 – BOARD DESIGNATED ENDOWMENT FUNDS**

The Board has elected to designate the Porter County Community Foundation investment as a board designated quasi-endowment. As required by GAAP, 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.

**UNITED WAY OF PORTER COUNTY INDIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 6 – BOARD DESIGNATED ENDOWMENT FUNDS – (continued)**

Changes in endowment net assets for the years ended June 30, 2020 and 2019, were as follows:

	<u>2020</u>	<u>2019</u>
Beginning of the year	\$ 786,811	\$ 814,652
Contributions	-	-
Net investment return	(12,694)	21,764
Expenses	(9,607)	(10,116)
Distributions	(39,345)	(39,489)
Total:	<u>\$ 725,165</u>	<u>\$ 786,811</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 appropriated for expenditures, excluding management fees, totaled \$39,345 and \$39,489 during the respective years ended June 30, 2020 and 2019.

**NOTE 7 – NET ASSETS**

Board designated net assets consist of amounts set-aside for the following as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Contingency reserve	\$ 519,195	\$ 866,348
Community impact	90,000	90,000
Americorps grant	67,633	66,133
	<u>\$ 676,828</u>	<u>\$ 1,022,481</u>

**UNITED WAY OF PORTER COUNTY INDIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7 – NET ASSETS – (continued)**

Donor restricted net assets consist of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
SB6 / United for Children	\$ 56,429	\$ 56,429
COAD	228,813	233,374
Disaster relief and recovery	-	77,004
COVID relief	950,000	-
20/21 - 19/20 campaign	23,553	10,553
	<u>\$ 1,258,795</u>	<u>\$ 377,360</u>

**NOTE 8 – CONDITIONAL CONTRIBUTIONS**

The Organization received a conditional contribution of \$170,214. As of June 30, 2020, the Organization had met half of the match requirements associated with the condition and recorded a receivable of \$85,106. The conditions for the remaining \$85,107 was met in July 2019.

**NOTE 9 – 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 1% of the participant's compensation. In addition, the Organization may contribute a discretionary percentage (6% during the years ended June 30, 2018 and 2017) of the employee's compensation for all eligible employees 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 \$47,202 and \$23,247 for 2020 and 2019, respectively.

**NOTE 10 – LEASE COMMITMENTS**

The Organization leases certain equipment under non-cancellable operating leases expiring at various dates through October 2019. Rent expense under these leases total approximately \$3,500 and \$5,000 for the years ended June 30, 2020 and 2019, respectively. Future minimum lease payments required under operating leases which have remaining terms in excess of one year as of June 30, 2020 is negligible.

**UNITED WAY OF PORTER COUNTY INDIANA, INC.**  
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**NOTE 11 – PAYMENTS TO AFFILIATES**

During the years ended June 30, 2020 and 2019, the Organization recorded expenses for amounts due to affiliates that represent dues to United Way Worldwide of \$19,358 and \$15,897, respectively; dues to Indiana Association of United Ways of \$6,243 and \$8,205, respectively; and dues to various other local affiliates of \$6,422 and \$5,314, respectively.

**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, 2020 and 2019, are approximately \$744,000 and \$805,500, respectively. 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 \$78,186 and \$77,700 from donor-designated endowment funds during the year ending June 30, 2020 and 2019, respectively.

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>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,568,229	\$ 596,491
Pledges receivable, net of reserve for uncollectible accounts	326,264	317,652
Grants receivable	78,142	154,673
Investments	428,803	447,794
Total financial assets	2,401,438	1,516,610
Less:		
Board designated assets	(676,828)	(1,022,481)
Donor restricted assets	(1,258,795)	(377,360)
Financial assets available for cash needs for general expenditures within one year	<u>\$ 465,815</u>	<u>\$ 116,769</u>

**UNITED WAY OF PORTER COUNTY INDIANA, INC.**  
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**NOTE 13 – INFORMATION ABOUT LIQUIDITY – (continued)**

The board-designated net assets as described in Note 7 include a contingency reserve of \$519,195 and \$866,348 as of June 30, 2020 and 2019, respectively. 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.

**NOTE 14 – PAYROLL PROTECTION PROGRAM LOAN**

Due to the spread of the Novel Coronavirus (COVID-19), the Organization received a \$153,500 loan from the Paycheck Protection Program through the Small Business Administration. The promissory note dated April 16, 2020 establishes a 1% interest rate over 24 months with payments of principal and interest beginning six months after receipt. The maturity date is April 16, 2022. Under the terms of the note, it is expected that this loan will qualify for forgiveness based on the terms of the program.

As of the date of this report, the loan has not yet been forgiven. Based on the repayment terms of the loan, \$67,509 has been reflected on the statement of financial position as current maturities with the remaining \$85,991 as long-term notes payable.