

UNITED WAY OF DEKALB COUNTY, INC.

FINANCIAL STATEMENTS

For the Fiscal Years Ending June 30, 2020 and June 30, 2019

United Way of DeKalb County, Inc.

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CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
United Way of DeKalb County, Inc.
Auburn, Indiana

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of UNITED WAY OF DEKALB COUNTY, INC. (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2020 and June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the fiscal 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 for the Financial Statements

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 audit 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UNITED WAY OF DEKALB COUNTY, INC. as of June 30, 2020 and June 30, 2019, and the changes in its net assets and its cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in B to the financial statements, the YMCA adopted ASU 2014-09 – *Revenue from Contracts with Customers (Topic 606)* and ASU 2018-08 – *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to these matters.



THE SEIGEL GROUP, LLC
Certified Public Accountants
Auburn, Indiana

December 14, 2020

THE SEIGEL GROUP

UNITED WAY OF DEKALB COUNTY, INC.

Statements of Financial Position

Fiscal Year Ending June 30, 2020 and June 30, 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Cash and cash equivalents	\$ 485,639.40	\$ 274,461.04
Certificates of deposit	471,256.63	465,164.53
Interest receivable	624.43	2,893.84
Accounts receivable	-	1,081.08
Pledges receivable, 2019/2020 campaign, less allowance	327,912.63	-
Pledges receivable, 2018/2019 campaign, less allowance	-	370,607.92
Prepaid expenses	2,183.23	2,418.68
Deposits	1,458.33	-
Office equipment and leasehold improvements	38,840.58	28,915.33
Less: Accumulated depreciation	(26,606.68)	(26,510.45)
Beneficial interest in community foundation	361,830.38	365,905.55
Total assets	<u>\$ 1,663,138.93</u>	<u>\$ 1,484,937.52</u>
Liabilities and Net Assets:		
Liabilities		
Accounts payable	\$ 6,091.57	\$ 42,038.47
Accrued expenses	4,949.39	10,314.74
Pass through grants	-	4,661.63
Designations payable	22,992.72	22,052.80
Paycheck protection loan	19,100.00	-
Total liabilities	<u>53,133.68</u>	<u>79,067.64</u>
Net Assets		
Without donor restrictions		
Undesignated	500,651.29	493,754.52
Board-designated	214,785.51	218,860.68
Total without donor restrictions	<u>715,436.80</u>	<u>712,615.20</u>
With donor restrictions		
Restricted by purpose or time	681,636.13	481,209.81
Restricted in perpetuity	212,932.32	212,044.87
Total with donor restrictions	<u>894,568.45</u>	<u>693,254.68</u>
Total net assets	<u>1,610,005.25</u>	<u>1,405,869.88</u>
Total liabilities and net assets	<u>\$ 1,663,138.93</u>	<u>\$ 1,484,937.52</u>

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UNITED WAY OF DEKALB COUNTY, INC.

Statement of Activities

Fiscal Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Support and Revenue:</u>			
Contributions	\$ 296,551.43	\$ 363,104.51	\$ 659,655.94
Donor designations	(6,906.27)	(18,065.14)	(24,971.41)
Allowance for uncollectible pledges	9,895.55	(36,000.00)	(26,104.45)
Net contributions	<u>299,540.71</u>	<u>309,039.37</u>	<u>608,580.08</u>
Service fees	2,859.46	-	2,859.46
Grants	-	343,289.92	343,289.92
In-kind contributions	10,800.00	-	10,800.00
<u>Special Events:</u>			
Day of Caring	-	12,091.00	12,091.00
Power of the Purse	-	9,675.00	9,675.00
Investment return (loss), net	(4,075.17)	-	(4,075.17)
Interest income	4,345.96	-	4,345.96
Net assets released from restrictions	472,781.52	(472,781.52)	-
Total support and revenue	<u>786,252.48</u>	<u>201,313.77</u>	<u>987,566.25</u>
<u>Expenses:</u>			
Program services expense			
Resource distribution	397,452.02	-	397,452.02
Special programs	154,767.80	-	154,767.80
Other program services	66,960.36	-	66,960.36
Total program services expenses	<u>619,180.18</u>	<u>-</u>	<u>619,180.18</u>
Supporting services expense			
Management and general	99,195.14	-	99,195.14
Fundraising	56,916.70	-	56,916.70
United Way of America dues	8,138.86	-	8,138.86
Total supporting services expenses	<u>164,250.70</u>	<u>-</u>	<u>164,250.70</u>
Total expenses	<u>783,430.88</u>	<u>-</u>	<u>783,430.88</u>
<u>Changes in Net Assets</u>	<u>2,821.60</u>	<u>201,313.77</u>	<u>204,135.37</u>
<u>Net Assets, Beginning of Year</u>	<u>712,615.20</u>	<u>693,254.68</u>	<u>1,405,869.88</u>
<u>Net Assets, End of Year</u>	<u>\$ 715,436.80</u>	<u>\$ 894,568.45</u>	<u>\$ 1,610,005.25</u>

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UNITED WAY OF DEKALB COUNTY, INC.

Statement of Activities

Fiscal Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Support and Revenue:</u>			
Contributions	\$ 327,172.37	\$ 438,583.69	\$ 765,756.06
Donor designations	(8,367.04)	(16,794.48)	(25,161.52)
Allowance for uncollectible pledges	<u>(3,429.71)</u>	<u>(47,500.00)</u>	<u>(50,929.71)</u>
Net contributions	315,375.62	374,289.21	689,664.83
Designation from other United Ways	3,685.79	-	3,685.79
Service fees	2,516.15	-	2,516.15
Grants	-	5,000.00	5,000.00
In-kind contributions	60,392.62	-	60,392.62
<u>Special Events:</u>			
Day of Caring	-	21,521.00	21,521.00
Power of the Purse	-	54,270.81	54,270.81
Kindergarten Countdown	-	135.44	135.44
Investment return (loss), net	12,243.58	-	12,243.58
Investment income	8,472.28	-	8,472.28
Miscellaneous income	11.09	-	11.09
Net assets released from restrictions	<u>494,502.88</u>	<u>(494,502.88)</u>	<u>-</u>
Total support and revenue	<u>897,200.01</u>	<u>(39,286.42)</u>	<u>857,913.59</u>
<u>Expenses:</u>			
Program service expense			
Resource distribution	367,100.00	-	367,100.00
Special programs	183,526.05	-	183,526.05
Other program services	<u>64,176.88</u>	<u>-</u>	<u>64,176.88</u>
Total program services expenses	<u>614,802.93</u>	<u>-</u>	<u>614,802.93</u>
Supporting services expense			
Management and general	133,263.50	-	133,263.50
Fundraising	120,994.69	-	120,994.69
United Way of America dues	<u>8,106.00</u>	<u>-</u>	<u>8,106.00</u>
Total supporting services expense	<u>262,364.19</u>	<u>-</u>	<u>262,364.19</u>
Total Expenses	<u>877,167.12</u>	<u>-</u>	<u>877,167.12</u>
<u>Changes in Net Assets</u>	<u>20,032.89</u>	<u>(39,286.42)</u>	<u>(19,253.53)</u>
<u>Net Assets, Beginning of Year</u>	<u>692,582.31</u>	<u>732,541.10</u>	<u>1,425,123.41</u>
<u>Net Assets, End of Year</u>	<u>\$ 712,615.20</u>	<u>\$ 693,254.68</u>	<u>\$ 1,405,869.88</u>

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UNITED WAY OF DEKALB COUNTY, INC.

Statement of Functional Expenses

Fiscal Year Ended June 30, 2020

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	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Resource distribution	\$ 397,452.02	\$ -	\$ -	\$ 397,452.02
Day of Caring	8,912.45	-	-	8,912.45
Power of the Purse	-	-	504.39	504.39
2-1-1 Service fee	1,150.00	-	-	1,150.00
Early learning	2,500.00	-	-	2,500.00
Community focus	142,205.35	-	-	142,205.35
Total special programs	<u>154,767.80</u>	<u>-</u>	<u>504.39</u>	<u>155,272.19</u>
Salaries	30,920.25	64,468.54	27,421.64	122,810.43
Employee benefits	591.13	1,232.50	524.24	2,347.87
Medical benefits	1,557.54	3,247.47	1,381.31	6,186.32
Taxes - Payroll	2,397.86	4,999.53	2,126.55	9,523.94
Worker's compensation	145.96	304.34	129.45	579.75
Auditing and accounting fees	15,182.00	7,591.00	15,182.00	37,955.00
Bank charges	-	58.78	-	58.78
Credit card fees	5.71	-	-	5.71
Campaign supplies	-	-	3,027.12	3,027.12
Depreciation	840.65	840.65	186.81	1,868.11
Dues and subscriptions	222.95	222.95	49.55	495.45
Dues - State	2,877.74	2,877.74	639.49	6,394.97
Equipment rental	698.63	698.63	155.26	1,552.52
Insurance	1,903.28	1,903.28	422.94	4,229.50
Marketing and advertising	350.24	58.37	175.13	583.74
Meeting expense	458.61	65.52	131.02	655.15
Miscellaneous	1,194.33	1,194.33	1,023.72	3,412.38
Office supplies	2,062.64	793.32	317.33	3,173.29
Postage	483.38	120.85	604.22	1,208.45
Rent	1,914.00	6,699.00	957.00	9,570.00
Repairs and maintenance	46.28	161.99	23.15	231.42
Telephone and internet	2,176.08	1,208.94	1,450.72	4,835.74
Training	124.98	124.98	-	249.96
Travel	806.11	322.44	483.66	1,612.21
Total Operations	<u>66,960.36</u>	<u>99,195.14</u>	<u>56,412.31</u>	<u>222,567.81</u>
Total Expenses	<u>\$ 619,180.18</u>	<u>\$ 99,195.14</u>	<u>\$ 56,916.70</u>	<u>\$ 775,292.02</u>
	80%	13%	7%	100%

The accompanying notes are an integral part of the financial statements.

See Independent Auditors' Report

UNITED WAY OF DEKALB COUNTY, INC.

Statement of Functional Expenses

Fiscal Year Ended June 30, 2019

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	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Resource distribution	\$ 367,100.00	\$ -	\$ -	\$ 367,100.00
Day of Caring	25,473.01	-	-	25,473.01
Power of the Purse	-	-	59,383.89	59,383.89
2-1-1 Service fee	11,235.00	-	-	11,235.00
Early learning	56,627.57	-	-	56,627.57
Community focus	90,190.47	-	-	90,190.47
Total Special Programs	<u>183,526.05</u>	<u>-</u>	<u>59,383.89</u>	<u>242,909.94</u>
Salaries	22,279.24	95,866.63	25,364.62	143,510.49
Employee benefits	464.59	1,136.98	432.69	2,034.26
Medical benefits	729.60	3,139.43	830.64	4,699.67
Taxes - Payroll	1,672.73	7,197.69	1,904.38	10,774.80
Worker's compensation	57.24	246.29	65.16	368.69
Auditing and accounting fees	16,299.20	8,149.60	16,299.20	40,748.00
Bank charges	-	107.24	-	107.24
Credit card fees	200.73	-	-	200.73
Campaign supplies	-	-	6,864.05	6,864.05
Depreciation	441.41	441.41	98.10	980.92
Dues and subscriptions	185.71	185.71	41.26	412.68
Dues - State	1,021.03	1,021.03	226.90	2,268.96
Equipment rental	1,569.68	1,569.68	348.81	3,488.17
Insurance	2,437.07	2,437.07	541.57	5,415.71
License and permits	-	300.00	-	300.00
Marketing and advertising	5,521.64	920.27	2,760.82	9,202.73
Meeting expense	279.84	39.98	79.95	399.77
Miscellaneous	321.15	321.15	275.26	917.56
Office supplies	2,230.72	857.97	343.19	3,431.88
Postage	316.14	79.04	395.17	790.35
Rent	1,598.16	5,593.57	799.08	7,990.81
Repairs and maintenance	143.90	503.65	71.95	719.50
Telephone and internet	2,745.08	1,525.04	1,830.05	6,100.17
Training	265.44	265.44	-	530.88
Travel	3,396.58	1,358.63	2,037.95	6,793.16
Total Operations	<u>64,176.88</u>	<u>133,263.50</u>	<u>61,610.80</u>	<u>259,051.18</u>
Total Expenses	<u>\$ 614,802.93</u>	<u>\$ 133,263.50</u>	<u>\$ 120,994.69</u>	<u>\$ 869,061.12</u>
	71%	15%	14%	100%

The accompanying notes are an integral part of the financial statements.

See Independent Auditors' Report

UNITED WAY OF DEKALB COUNTY, INC.

Statements of Cash Flows

Fiscal Year Ending June 30, 2020 and June 30, 2019

	<u>2020</u>	<u>2019</u>
<u>Cash Flows from Operating Activities:</u>		
Change in net assets	\$ 204,135.37	\$ (19,253.53)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	1,868.11	980.92
Investment return, net	4,075.17	(12,243.58)
Allowance for uncollectible	26,104.45	50,929.71
Changes in operating assets and liabilities		
Pledges receivable	16,590.84	(66,318.84)
Interest receivable	2,269.41	(1,333.31)
Accounts receivable	1,081.08	-
Prepaid expenses	235.45	266.16
Deposits	(1,458.33)	-
Beneficial interest in community foundation	-	(7,212.92)
Accounts payable	(35,946.90)	7,831.12
Payroll taxes payable	(5,365.35)	(2,215.53)
Pass through grants	(4,661.63)	4,661.63
Designations payable	939.92	(6,112.47)
Net Cash from (used for) Operating Activities	<u>209,867.59</u>	<u>(50,020.64)</u>
<u>Cash Flows from Investing Activities:</u>		
Purchase of office equipment	(11,697.13)	(2,066.55)
Purchases of certificates of deposit	(6,092.10)	(6,523.96)
Net Cash from (used for) Investing Activities	<u>(17,789.23)</u>	<u>(8,590.51)</u>
<u>Cash Flows from Financing Activities:</u>		
Proceeds from Paycheck Protection Loan	19,100.00	-
Net Cash from (used for) Financing Activities	<u>19,100.00</u>	<u>-</u>
<u>Net Change in Cash and Cash Equivalents</u>	211,178.36	(58,611.15)
<u>Cash and Cash Equivalents, Beginning of Year</u>	274,461.04	333,072.19
<u>Cash and Cash Equivalents, End of Year</u>	<u>\$ 485,639.40</u>	<u>\$ 274,461.04</u>

THE SEIGEL GROUP

UNITED WAY OF DEKALB COUNTY, INC.

Notes to Financial Statements
June 30, 2020 and June 30, 2019

NOTE A - COMPANY DESCRIPTION:

United Way of DeKalb County, Inc. is a funding organization whose vision is to enable people to work together creating a thriving and vibrant community for all. United Way's mission is to fight for the health, education, and financial stability for every person in our community. The Organization was formed in 1960 and is governed by a volunteer board of directors with the input of additional community volunteers at a committee level. The Organization partners with local non-profits to help fund their community programs.

~~Donor and grant dollars are used to help create a better community by supporting programs that focus on education, health, financial stability, and meeting basic needs. United Way works closely with human service agencies that align with these focus areas. They partner with FamilyWize to provide prescription discounts to residents. During the 2020 Day of Caring, 29 service projects were completed with the help of approximately 194 volunteers. During the 2019 Day of Caring, 70 service projects were completed with the help of approximately 642 volunteers. The United Way of DeKalb County developed and funds Kindergarten Countdown Camp for at-risk children entering kindergarten. United Way of DeKalb County hosts the Power of the Purse Fundraiser once a year to raise money for community impact grants.~~

In addition, their early learning initiative, Let's Talk, focuses on educating parents and caregivers of young children about the relationship between talking to their child, literacy, and academic and lifelong success. The curriculum used is designed to bridge the 30-million-word gap. The early learning initiative provides a gift of a board book and resources to new mothers at local hospitals and mails them additional information and a book at three and nine months. They have partnered with all libraries in the county to provide an additional book to each mom at any of the four libraries. United Way has funded Let's Talk Book Buddies, formerly play groups, for eight different sites in the community since it began in 2015. United Way of DeKalb County has continued to grow their Let's Talk initiative by initiating more pieces of the curriculum. Story Bags have been started by partnering with four agencies in the community who provide in-home case management services. Case managers are provided with an age appropriate bag filled with a book and manipulatives that they use with clients to teach them skills to interact with their children to promote healthy brain development.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1. **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.

2. **Public Support and Revenue:**

Contributions are recognized when a donor makes a promise to give to the Organization. Contributions having donor restrictions are reported as increases in net assets with donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. Upon the expiration of a restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions. The majority of the pledges are received from a broad base of contributors in DeKalb County as a result of the annual campaign.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. The Organization uses the allowance method to determine the amount of uncollectible pledges receivable. Such method is based on both prior years' experience and analysis by management of the specific pledges made.

Grants received with specific donor stipulations are reported as donor restricted support. When a time restriction passes or a purpose restriction is accomplished, the net assets with donor restrictions are reclassified to net assets without donor restrictions in the statement of activities.

UNITED WAY OF DEKALB COUNTY, INC.

Notes to Financial Statements
June 30, 2020 and June 30, 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

3. Cash and Cash Equivalents:

For purposes of the statement of cash flows, the Organization defines cash and cash equivalents as all highly liquid investments available for current use with an initial maturity of three months or less.

4. Property and Depreciation:

Office equipment is recorded at cost, or fair market value if contributed, and is being depreciated over estimated useful lives for financial statement purposes from five to twelve years using the straight-line method of depreciation. It is the general policy of the Board to capitalize expenditures for these items in excess of \$500.00. Expenditures for maintenance and repairs are charged to operations as incurred.

5. Donor Designations:

Designations to member agencies of the United Way of DeKalb are included in the gross contribution revenue since the board follows the "first dollar in, first dollar out" policy wherein specific donor designations to member agencies are included in the allocations determined by the Board of Directors. This is in compliance with United Way of America's cost deduction requirements.

6. Income Taxes:

Income taxes are not provided for in the financial statements since the Organization is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and similar state provisions. Management evaluates all tax positions taken or expected to be taken on its annual information returns, including the position that the Organization continues to qualify to be treated as a 501(c)(3) Organization for both federal and state purposes. For the fiscal years ended June 30, 2020 and June 30, 2019, management does not feel it has taken any tax positions that would not be sustained under examination. Therefore, no interest or penalties have been accrued or charged to expense as of June 30, 2020 and June 30, 2019, or the years then ended. The annual information returns for the Organization are subject to examination by taxing authorities for a period of three years from the date they are filed.

7. Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

8. Functional Expenses:

The United Way has allocated expenses for management and general and fundraising expenses based on estimates of personnel time, space and usage of supplies.

9. Advertising:

The United Way of DeKalb County, Inc. expenses all advertising cost in the fiscal year in which they are incurred. Advertising expense for the fiscal years ended June 30, 2020 and June 30, 2019 were \$583.74 and \$9,202.73, respectively.

UNITED WAY OF DEKALB COUNTY, INC.

Notes to Financial Statements
June 30, 2020 and June 30, 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

10. Net Assets:

The United Way of DeKalb County, Inc. records resources for accounting and reporting purposes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity.

11. Risks and Uncertainties:

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The extent of the impact of the COVID-19 outbreak on the financial performance of The United Way of DeKalb County, Inc. will depend on future developments, including the duration and severity of the outbreak and its impact on the financial markets and the overall economy, all of which are highly uncertain and cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period, The United Way of DeKalb County, Inc.'s financial performance may be materially adversely affected.

A prolonged widespread epidemic could adversely impact global economies and financial markets resulting in an economic downturn that may negatively affect The United Way of DeKalb County, Inc.'s ability to obtain contributions. In addition, with higher than usual unemployment, there is the potential the employees that had pledged to make payroll deduction contributions to the United Way of DeKalb County, Inc. will not be able to fulfill those pledges due to unemployment. Such disruptions could adversely impact cash flows and financial results for 2021.

12. Subsequent Events:

The Organization did not have any reportable subsequent events through December 14, 2020, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the fiscal year ended June 30, 2020.

13. Accounting Pronouncements Adopted:

In May 2014, the FASB issued (ASU) 2014-09, *Revenue from Contracts with Customers: Topic 606*. This ASU will supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry-specific guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments in this ASU are effective for fiscal years beginning after December 15, 2018. The United Way of DeKalb County, Inc. adopted this ASU on July 1, 2019. The United Way of DeKalb County, Inc. implemented ASU 2014-09 using a full retrospective method of application. The adoption of 2014-09 did not result in any changes to the disclosure of revenue.

UNITED WAY OF DEKALB COUNTY, INC.

Notes to Financial Statements
June 30, 2020 and June 30, 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

In June 2018, the FASB issued (ASU) 2018-08, *Not-for-Profit Entities: Topic 958*. The amendments in this Update provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional. The United Way of DeKalb County, Inc. adopted this ASU on July 1, 2020. The United Way of DeKalb County, Inc. implemented ASU2018-08 using a full retrospective method of application. The adoption of AUS 2018-08 did not result in any changes to the disclosure of revenue.

12. Recent Accounting Pronouncements:

In February 2016, the FASB issued (ASU) 2016-02, *Leases*. This ASU affects any entity that enters into a lease, with some specified scope exemptions. The main difference between previous GAAP and this ASU is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. The amendments in this ASU are effective for fiscal years beginning after December 15, 2020. The United Way of DeKalb County, Inc. has not yet implemented this ASU and is in the process of assessing the effect on the Organization's financial statements.

NOTE C – LIQUIDITY AND AVAILABILITY:

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:

Cash and cash equivalents	\$ 136,139.48
Short term certificates of deposit	346,463.55
Interest receivable	624.43
Distributions for beneficial interest in assets held by others	121,765.12
	<u>\$ 604,992.58</u>

The United Way of DeKalb County, Inc.'s endowment funds consist of both donor-restricted endowments and board-restricted endowments. Income from donor-restricted endowments is not restricted for a specific purpose but the principal amount held in the endowment funds from donors is not available for general expenditure. In addition, there is a long-term certificate of deposit of \$124,793.08 that could be withdrawn if needed by the Organization.

The Organization's board of directors determined that cash held in reserves for emergencies should be set at \$65,000.00. This amount will not be spent in regular operations but held until the board deems the funds are needed. On June 30, 2020, the Organization had enough liquidity available to them to pay 8 months of budgeted expenses for the 2021 fiscal year. This includes \$525,000.00 budgeted to give out as grants to local non-profits.

NOTE D - PLEDGES RECEIVABLE:

All pledges receivable are due in one year. Although there are amounts remaining from prior year pledges, the majority of these are from payroll withholdings from area businesses, and most amounts are received within one year from the time of the pledge. Following is a summary of pledges receivable at June 30, 2020 and June 30, 2019:

UNITED WAY OF DEKALB COUNTY, INC.

Notes to Financial Statements
June 30, 2020 and June 30, 2019

NOTE D - PLEDGES RECEIVABLE (continued):

	<u>2020</u>	<u>2019</u>
2017/2018 Campaign	\$ -	\$ 29,289.23
Less: Allowance for uncollectible pledges	-	(29,289.23)
	<u>\$ -</u>	<u>\$ -</u>
2018/2019 Campaign	\$ 37,842.59	\$ 417,949.70
Less: Allowance for uncollectible pledges	(37,842.59)	(47,341.78)
	<u>\$ -</u>	<u>\$ 370,607.92</u>
2019/2020 Campaign	\$ 363,912.63	\$ -
Less: Allowance for uncollectible pledges	(36,000.00)	-
	<u>\$ 327,912.63</u>	<u>\$ -</u>
	<u>\$ 327,912.63</u>	<u>\$ 370,607.92</u>

NOTE E - ENDOWMENT FUND:

The United Way's endowment funds consist of funds held at the DeKalb County Community Foundation that came from contributions from the United Way and donor designations which are not considered as funds available for the normal operating budget. Consequently, the endowment is made up of funds designated by the Board of Directors as well as donors to function as endowments. Income from investments in which the funds are held are available to be distributed without restrictions. The amount available for distribution to the United Way at June 30, 2020 is \$121,765.12. It will be up to the Board of Directors of the United Way to approve the use of any earnings from the endowment fund before such funds can be requested from the Foundation.

The Board of Directors of the United Way has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the historic dollar value of the original gift as of the gift date of the donor-restricted endowment funds (or board designation) absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as donor restricted net assets (1) the original value of gifts donated to the permanent endowment, and (2) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in donor restricted net assets is classified as net assets without donor restrictions even though not yet appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purpose of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

The DeKalb County Community Foundation, where the funds are held, has the following return objective: "Consistent with the Foundation's payout policy, the minimum total annual return expected over any given five year period is the Consumer Price Index (CPI) plus 5% after fees. It recognizes that "the pursuit of a total return policy—as contrasted to a net income approach—may entail the use of a significant portion of equity securities thus increasing the volatility of the portfolio."

UNITED WAY OF DEKALB COUNTY, INC.

Notes to Financial Statements
June 30, 2020 and June 30, 2019

NOTE E - ENDOWMENT FUND (continued):

From time to time the fair value of assets associated with individual donor-restricted or board-designated endowment funds may fall below the level that current law requires the organization to retain for a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in net assets with donor restrictions.

The endowment net assets composition by type of funds as of June 30, 2020 and June 30, 2019 is as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Without donor restrictions	\$ 149,785.51	\$ 153,860.68
With donor restrictions	212,044.87	212,044.87
Total	<u>\$ 361,830.38</u>	<u>\$ 365,905.55</u>

Variance power has been granted to the Foundation that they may “vary the terms of any gift if continued adherence to any condition or restriction is in the judgment of the Foundation’s Board unnecessary, incapable of fulfillment or inconsistent with the charitable or other exempt purposes of the Foundation or needs of the community served by the Foundation.”

The Organization accounts for its assets held at the DeKalb County Community Foundations using ASC 958-605 “*Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*”. This standard requires that a specified beneficiary recognize its rights to the assets held by a recipient Organization as an asset unless the donor has explicitly granted the recipient Organization variance power. Since such funds are for the ongoing benefit of the Organization, they are required to be included in the net assets.

The changes in endowment net assets are as follows for the fiscal years ended June 30, 2020 and June 30, 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
June 30, 2019	\$ 153,860.68	\$ 212,044.87	\$ 365,905.55
Investment income	\$ 12,013.05	\$ -	\$ 12,013.05
Realized gain (loss)	(6,219.97)	-	(6,219.97)
Unrealized gain (loss)	(4,438.22)	-	(4,438.22)
Fees	<u>(5,430.03)</u>	<u>-</u>	<u>(5,430.03)</u>
Total Investment Return	\$ (4,075.17)	\$ -	\$ (4,075.17)
Contributions	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2020	<u>\$ 149,785.51</u>	<u>\$ 212,044.87</u>	<u>\$ 361,830.38</u>

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UNITED WAY OF DEKALB COUNTY, INC.

Notes to Financial Statements
June 30, 2020 and June 30, 2019

NOTE E - ENDOWMENT FUND (continued):

Fiscal Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
June 30, 2018	\$ 134,977.26	\$ 211,471.79	\$ 346,449.05
Investment income	\$ 10,525.87	\$ -	\$ 10,525.87
Realized gain (loss)	10,172.39	-	10,172.39
Unrealized gain (loss)	(2,807.65)	-	(2,807.65)
Fees	<u>(5,647.03)</u>	<u>-</u>	<u>(5,647.03)</u>
Total Investment Return	\$ 12,243.58	\$ -	\$ 12,243.58
Reclassification	-	-	-
Contributions	<u>6,639.84</u>	<u>573.08</u>	<u>7,212.92</u>
June 30, 2019	<u>\$ 153,860.68</u>	<u>\$ 212,044.87</u>	<u>\$ 365,905.55</u>

NOTE F – NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions at each fiscal year end consist of restrictions due to time restrictions, purpose restrictions, or permanent restrictions. Time restricted net assets are the unconditional promises to give with payments due in future periods. This consists of gross campaign revenues less payments received, designated pledges (to non-member agencies), and an allowance for estimated uncollectible pledges. Purpose restricted net assets include program service revenues and grants not used by the end of the year as well as donor designated pledges that have been received by the Organization but not paid out to the specified recipient. Permanent restrictions are donor designated funds for the endowment fund. The balances as of June 30, 2020 and June 30, 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Restricted by purpose or time:		
Time restricted pledges	\$ 309,039.37	\$ 353,293.44
Designations payable	23,096.84	21,424.56
Power of the Purse	-	27,907.22
Day of Caring	25,561.59	24,683.30
On My Way Pre-K	4,581.27	5,000.00
Work2Gether grant	2,583.87	2,583.87
UnitedIN16 Grant	35,679.27	46,317.42
UnitedIN18 Grant	31,093.92	-
COVID-19 Grant	<u>250,000.00</u>	<u>-</u>
Total restricted by purpose or time	681,636.13	481,209.81
Restricted in perpetuity:		
Donations received for endowment fund	887.45	-
Endowment fund	<u>212,044.87</u>	<u>212,044.87</u>
Total restricted in perpetuity	<u>212,932.32</u>	<u>212,044.87</u>
Total Net Assets with Donor Restrictions	<u>\$ 894,568.45</u>	<u>\$ 693,254.68</u>

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UNITED WAY OF DEKALB COUNTY, INC.

Notes to Financial Statements
June 30, 2020 and June 30, 2019

NOTE F – NET ASSETS WITH DONOR RESTRICTIONS (continued):

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, by the occurrence of events specified by the donors, or by a change in the restrictions specified by the donor.

Those amounts released from restrictions during the fiscal years ended June 30, 2020 and June 30, 2019, are as follows:

	<u>2020</u>	<u>2019</u>
Time restricted pledges	\$ 325,631.37	\$ 340,267.31
Designations payable	25,102.34	27,163.40
Power of the Purse	37,582.22	99,606.61
Day of Caring	11,212.71	17,495.67
Kindergarten Countdown	-	135.44
On My Way Pre-K	418.73	-
UnitedIN16 Grant	10,638.15	9,834.45
UnitedIN18 Grant	52,850.00	-
COVID-19 Assistance	9,346.00	-
	<u>\$ 472,781.52</u>	<u>\$ 494,502.88</u>

NOTE G - COMPENSATED ABSENCES AND VACATION PAY:

The length of service to the United Way determines eligibility for vacation pay. One week of vacation pay is awarded to full-time employees after six-months of continuous employment, two weeks after two years of continuous employment, three weeks after four years of continuous employment and four weeks after seven year of service. Unused vacation days are forfeited if not used by December 31. Vacation pay is not accrued as the total is not considered to be material to the financial statements.

Full time employees are also eligible for up to 64 hours of sick time per calendar year. These hours are accrued at a rate of eight hours per month of employment. Sick days may be accumulated up to a maximum of 480 hours and may be carried over to the next year. Employees leaving the United Way employment will not be compensated for unused sick days accumulated.

NOTE H - IN-KIND DONATIONS:

A number of unpaid volunteers have made generous contributions of their time in helping with various clerical and other duties, especially during the annual fundraising campaign. The value of this contributed time is not reflected in the statements since it is not susceptible to objective measurement or valuation.

Occasionally some in-kind donations are received by the Organization and are included as both a contribution and an asset or an expense in the financial statements at donor cost. In-kind donations received in 2020 consisted of \$10,800.00 of professional fees.

In-kind donations received in 2019 consisted of \$8,519.00 of professional fees, \$43,896.28 for Power of the Purse, and \$7,977.34 toward the Day of Caring event.

UNITED WAY OF DEKALB COUNTY, INC.

Notes to Financial Statements
June 30, 2020 and June 30, 2019

NOTE I - OPERATING LEASE:

The United Way was leasing office space from the local Chamber of Commerce on an annual basis. Rent expense for the fiscal years ended June 30, 2020 and June 30, 2019 were \$9,570.00 and \$7,990.81, respectively.

On June 16, 2020, The United Way signed a 5-year lease agreement for a new office location effective from July 1, 2020 through June 30, 2025. Future required lease payments are as follows:

Fiscal Year ending June 30,	
2021	\$ 17,500.00
2022	17,500.00
2023	17,500.00
2024	17,500.00
2025	<u>17,500.00</u>
Total Future Lease Obligations	<u>\$ 87,500.00</u>

A 48-month lease for a Canon imageRUNNER Advance C3330i copier was signed on September 29, 2015. Payments on the lease are \$120.44 a month. The United Way purchased the copier at the end of the lease period. Equipment lease expense including copier maintenance expenses for 2020 and 2019 were \$1,552.52 and \$3,488.17 respectively.

NOTE J - BOARD APPROPRIATIONS:

The Organization's Board of Directors has made certain appropriations out of the net assets without donor restrictions for the following purposes:

	<u>2020</u>	<u>2019</u>
Emergency community disaster relief	\$ 25,000.00	\$ 25,000.00
Recovery	40,000.00	40,000.00
Endowment fund	149,785.51	153,860.68
Total Board Appropriations	<u>\$ 214,785.51</u>	<u>\$ 218,860.68</u>

NOTE K - EMPLOYEE RETIREMENT PLAN:

Starting in 2016, the Organization changed the retirement plan to a SIMPLE IRA plan under Internal Revenue Code 408(p). To meet eligibility requirements, an employee must have earned a minimum of \$5,000 in compensation in any two preceding calendar years and expect to earn at least \$5,000 in compensation in the current year. The Company will make a dollar for dollar matching contribution up to 3% of each eligible employee's compensation. Company expense for this plan for the fiscal years ended June 30, 2020 and June 30, 2019 were \$2,347.87 and \$2,034.26, respectively.

NOTE L - AGENCY ALLOCATIONS:

Starting in 2017, the Board has changed the allocation period to align with the new fiscal year. For the fiscal year ending June 30, 2020, they paid out \$397,452.02 to their partner agencies. For the fiscal year ending June 30, 2019, they paid out \$367,100.00 to their partner agencies.

UNITED WAY OF DEKALB COUNTY, INC.

Notes to Financial Statements
June 30, 2020 and June 30, 2019

NOTE M - FAIR VALUE OF FINANCIAL INSTRUMENTS:

The organization's valuation techniques are based on observable pricing inputs. These inputs are comprised by the following fair value hierarchy.

Level 1 – Observable inputs in the form of quoted prices for identical instruments in active markets.

Level 2 – Observable inputs other than Level 1, 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 derived from observable market data substantially in full term of asset or liabilities.

Level 3 – Unobservable pricing inputs in which little or no market activity exists therefore requiring an entity to develop its own assumptions that market participants would use in pricing an assets or liability.

The certificates of deposit are carried at face value plus accrued interest. The carrying value approximates fair value given that stated rates approximate current market rates.

The beneficial interest in an outside trust is classified as Level 3, as the Organization is not the trustee for the trust and the unit of ownership is an individual interest in the trust; the Organization determines the fair market value of an outside trust based on the underlying investments.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
June 30, 2020			
Certificates of deposit	\$ -	\$ 471,256.63	-
Beneficial interest in community foundations			
DeKalb County agency fund	-	-	361,830.38
Total Financial Instruments	<u>\$ -</u>	<u>\$ 471,256.63</u>	<u>\$ 361,830.38</u>
June 30, 2019			
Certificates of deposit	\$ -	\$ 465,164.53	-
Beneficial interest in community foundations			
DeKalb County agency fund	-	-	365,905.55
Total Financial Instruments	<u>\$ -</u>	<u>\$ 465,164.53</u>	<u>\$ 365,905.55</u>

NOTE N - CONCENTRATIONS:

During the fiscal year ended June 30, 2020 the Organization received grants from Indiana United Way in the amount of \$333,943.92 representing approximately 33.8% of total support and revenue. The Organization also received matching pledges of \$175,548.10 from Steel Dynamics representing approximately 17.8% of total support and revenue.

The Organization received matching pledges of \$176,535.00 from Steel Dynamics during the fiscal year ended June 30, 2019. This amount from a corporate donor represents approximately 20.6% of total support and revenue for the fiscal year ended June 30, 2019.

NOTE O – EXCESS CASH DEPOSITS:

The Organization had funds on deposit that exceeded the federally insured limit of \$250,000.00 per financial institution on June 30, 2020 in the amount of \$136,855.15.

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NOTE P – PAYCHECK PROTECTION PROGRAM LOAN:

On May 5, 2020, The United Way of DeKalb County, Inc. received a loan in the amount of \$19,100.00 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after 24 weeks if the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the 24-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1% with a deferral of payments for 10 months following the last day of the applicable covered period. The Organization intends to use the proceeds for purposes consistent with the PPP and the loan is expected to be forgiven.