

**UNITED WAY OF THE WABASH VALLEY, INC.**

**Financial Statements and Independent  
Auditors' Report**

**December 31, 2022**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
United Way of the Wabash Valley, Inc.  
Terre Haute, Indiana

### **Opinion**

We have audited the accompanying financial statements of United Way of the Wabash Valley, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of the Wabash Valley, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of the Wabash Valley, 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 the Wabash

Valley, 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, including omissions, 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 the Wabash Valley, 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 the Wabash Valley, 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.

*Sackrider & Company, Inc.*

Terre Haute, Indiana  
April 24, 2023

**UNITED WAY OF THE WABASH VALLEY, INC.**

**Statements of Financial Position**

**December 31,**

<b>ASSETS</b>	<b>2022</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Cash and cash equivalents</b>	\$ 407,374	\$ 129,666	\$ 537,040
<b>Investments</b>	489,900	155,934	645,834
<b>Beneficial interest in assets held by others</b>	-	326,927	326,927
<b>Pledge receivables</b>			
2022-campaign	-	234,151	234,151
2021-campaign	97,067	-	97,067
2020-campaign	-	-	-
	97,067	234,151	331,218
Less allowance for uncollectible pledges	45,719	33,749	79,468
	51,348	200,402	251,750
<b>Grant receivables</b>	47,541	-	47,541
<b>Property and equipment</b>			
Office furniture and equipment	57,330	-	57,330
Leasehold improvements	11,043	-	11,043
	68,373	-	68,373
Less accumulated depreciation and amortization	64,140	-	64,140
	4,233	-	4,233
<b>Operating lease right of use asset</b>	373,384	-	373,384
<b>Other assets</b>			
Interest receivable	431	-	431
Due from (to) other funds	(278,481)	278,481	-
	(278,050)	278,481	431
	\$ 1,095,730	\$ 1,091,410	\$ 2,187,140

The accompanying notes are an integral part of these statements.

2021		
<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
\$ 482,923	\$ 222,354	\$ 705,277
515,461	237,335	752,796
-	390,195	390,195
-	-	-
-	307,629	307,629
105,176	-	105,176
<u>105,176</u>	<u>307,629</u>	<u>412,805</u>
50,484	43,683	94,167
<u>54,692</u>	<u>263,946</u>	<u>318,638</u>
-	-	-
57,330	-	57,330
11,043	-	11,043
<u>68,373</u>	<u>-</u>	<u>68,373</u>
63,036	-	63,036
<u>5,337</u>	<u>-</u>	<u>5,337</u>
-	-	-
431	-	431
(250,590)	250,590	-
<u>(250,159)</u>	<u>250,590</u>	<u>431</u>
<u>\$ 808,254</u>	<u>\$ 1,364,420</u>	<u>\$ 2,172,674</u>

**UNITED WAY OF THE WABASH VALLEY, INC.**

**Statements of Financial Position - continued**

**December 31,**

<b>LIABILITIES AND NET ASSETS</b>	<b>2022</b>		<b>Total</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	
<b>Accounts payable</b>	\$ 11,812	\$ -	\$ 11,812
<b>Designations by donors for other organizations</b>	-	6,643	6,643
<b>Payroll and related liabilities</b>	3,161	-	3,161
<b>Lease liability</b>	373,384	-	373,384
	<u>388,357</u>	<u>6,643</u>	<u>395,000</u>
<b>Net assets</b>	<u>707,373</u>	<u>1,084,767</u>	<u>1,792,140</u>
	<u>\$ 1,095,730</u>	<u>\$ 1,091,410</u>	<u>\$ 2,187,140</u>

The accompanying notes are an integral part of these statements.

<b>2021</b>		
<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
\$ 12,743	\$ -	\$ 12,743
-	6,643	6,643
1,656	-	1,656
-	-	-
<u>14,399</u>	<u>6,643</u>	<u>21,042</u>
<u>793,855</u>	<u>1,357,777</u>	<u>2,151,632</u>
<u>\$ 808,254</u>	<u>\$ 1,364,420</u>	<u>\$ 2,172,674</u>



**UNITED WAY OF THE WABASH VALLEY, INC.**

**Statements of Activities**

**Years Ended December 31,**

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Total campaign contributions and pledges	\$ 242,953	\$ 505,988	\$ 748,941
Less: Amounts raised designated for other organizations	(7,866)	-	(7,866)
Less: Allowance for uncollectible pledges	(12,263)	(33,749)	(46,012)
Write-offs and remaining allowance less (greater) than prior year allowance	21,515	-	21,515
Net campaign contributions and pledges	244,339	472,239	716,578
Relief fund contributions	-	-	-
Corporate sponsorships	-	25,000	25,000
Grants	3,605	1,358,363	1,361,968
<b>Total contributions and pledges</b>	247,944	1,855,602	2,103,546
Special events	58,320	83,392	141,712
Investment income (loss)	(101,233)	(50,829)	(152,062)
Gain on extinguishment of PPP loan	-	-	-
	205,031	1,888,165	2,093,196
Assets released from restrictions:			
Satisfaction of purpose requirement	1,640,843	(1,640,843)	-
Satisfaction of time requirement	520,332	(520,332)	-
<b>Total revenue and other support</b>	2,366,206	(273,010)	2,093,196
Program services	2,123,878	-	2,123,878
Management and general	187,052	-	187,052
Fundraising	141,758	-	141,758
<b>Total expenses</b>	2,452,688	-	2,452,688
<b>INCREASE (DECREASE) IN NET ASSETS</b>	\$ (86,482)	\$ (273,010)	\$ (359,492)

The accompanying notes are an integral part of these statements.

<b>2021</b>		
<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
\$ 364,389	\$ 551,576	\$ 915,965
(6,643)	-	(6,643)
(2,369)	(43,683)	(46,052)
14,625	-	14,625
<u>370,002</u>	<u>507,893</u>	<u>877,895</u>
-	4,548	4,548
-	52,426	52,426
-	1,029,516	1,029,516
<u>370,002</u>	<u>1,594,383</u>	<u>1,964,385</u>
51,458	32,136	83,594
66,791	63,771	130,562
79,300	-	79,300
<u>567,551</u>	<u>1,690,290</u>	<u>2,257,841</u>
1,192,693	(1,192,693)	-
685,102	(685,102)	-
<u>2,445,346</u>	<u>(187,505)</u>	<u>2,257,841</u>
1,988,187	-	1,988,187
198,839	-	198,839
118,697	-	118,697
<u>2,305,723</u>	<u>-</u>	<u>2,305,723</u>
<u>\$ 139,623</u>	<u>\$ (187,505)</u>	<u>\$ (47,882)</u>

UNITED WAY OF THE WABASH VALLEY, INC.

Statements of Changes in Net Assets

Years Ended December 31, 2022 and 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Net assets, December 31, 2020</b>	\$ 654,232	\$ 1,545,282	\$ 2,199,514
Increase (decrease) in net assets	<u>139,623</u>	<u>(187,505)</u>	<u>(47,882)</u>
<b>Net assets, December 31, 2021</b>	793,855	1,357,777	2,151,632
Increase (decrease) in net assets	<u>(86,482)</u>	<u>(273,010)</u>	<u>(359,492)</u>
<b>Net assets, December 31, 2022</b>	<u>\$ 707,373</u>	<u>\$ 1,084,767</u>	<u>\$ 1,792,140</u>

The accompanying notes are an integral part of these statements.

**UNITED WAY OF THE WABASH VALLEY, INC.**

**Statements of Cash Flows**

**Years Ended December 31,**

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (359,492)	\$ (47,882)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Gain on extinguishment of PPP loan	-	(79,300)
Depreciation	1,104	1,104
Unrealized (gain) loss on investments	221,230	(78,824)
Realized (gain) loss on sale of investments	(57,096)	(44,608)
Change in assets and liabilities:		
Pledge receivables	81,586	24,376
Allowance for uncollectible pledges	(14,699)	(16,864)
Grant receivables	(47,541)	-
Accounts payable	(931)	7,987
Designations by donors for other organizations	-	(268)
Payroll and other liabilities	1,505	(30)
Net cash from operating activities	(174,334)	(234,309)
<b>Cash flows from investing activities:</b>		
Proceeds from sale of investments	335,030	119,952
Transfers from endowment funds	12,439	11,845
Purchase of investments	(341,372)	(121,239)
Net cash from investing activities	6,097	10,558
<b>Cash flows from financing activities:</b>		
Loan proceeds under Paycheck Protection Program	-	79,300
Net cash from financing activities	-	79,300
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(168,237)</b>	<b>(144,451)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>705,277</b>	<b>849,728</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 537,040</b>	<b>\$ 705,277</b>

The accompanying notes are an integral part of these statements.

**UNITED WAY OF THE WABASH VALLEY, INC.**

**Statements of Cash Flows - Continued**

**Years Ended December 31, 2022 and 2021**

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:**

	<u>2022</u>	<u>2021</u>
Cash paid during the period for:		
Interest	\$ -	\$ -

**NONCASH INVESTING AND FINANCING ACTIVITY:**

United Way of the Wabash Valley, Inc. received loan proceeds of \$79,300 under the Paycheck Protection Program in 2021. In 2021, the requirements for loan forgiveness were met and a gain on the extinguishment of PPP loans was recognized.

**DISCLOSURE OF ACCOUNTING POLICY:**

For purposes of the statement of cash flows, cash and cash equivalents includes cash on hand, deposit accounts and certificates of deposit.

The accompanying notes are an integral part of these statements.

**UNITED WAY OF THE WABASH VALLEY, INC.**

**Statements of Functional Expenses**

**Years Ended December 31,**

**2022**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Agency allocations	\$ 131,400	\$ -	\$ -	\$ 131,400
Special programs	1,482,480	-	-	1,482,480
Salaries	275,306	100,976	76,524	452,806
Health insurance	33,487	12,282	9,308	55,077
Retirement plan	30,278	11,105	8,416	49,799
Payroll taxes	20,472	7,508	5,690	33,670
Professional fees	22,023	8,078	6,122	36,223
Office supplies	2,747	1,007	763	4,517
Telephone	4,789	1,756	1,331	7,876
Postage	2,593	951	721	4,265
Insurance	4,499	1,650	1,251	7,400
Repairs and maintenance	5,357	1,965	1,489	8,811
Printing and campaign	210	77	58	345
Auto expense	1,012	371	281	1,664
Meals and entertainment	1,861	682	517	3,060
Meetings and conferences	1,162	426	323	1,911
Travel	636	233	177	1,046
State United Way dues	2,762	1,013	768	4,543
National United Way dues	11,034	4,047	3,067	18,148
Occupancy	33,208	12,180	9,230	54,618
Special events	34,066	12,495	9,469	56,030
Depreciation and amortization	671	246	187	1,104
Advertising and marketing	882	323	245	1,450
Contributions	1,295	475	360	2,130
Contract services	19,456	7,136	5,408	32,000
Bank and investment fees	192	70	53	315
	<u>\$ 2,123,878</u>	<u>\$ 187,052</u>	<u>\$ 141,758</u>	<u>\$ 2,452,688</u>

The accompanying notes are an integral part of these statements.

**2021**

<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
\$ 457,556	\$ -	\$ -	\$ 457,556
1,092,124	-	-	1,092,124
229,983	104,284	62,253	396,520
33,707	15,284	9,124	58,115
26,435	11,987	7,156	45,578
16,698	7,572	4,520	28,790
23,390	10,606	6,332	40,328
1,654	750	448	2,852
4,360	1,977	1,180	7,517
2,717	1,232	735	4,684
4,489	2,036	1,215	7,740
4,808	2,180	1,301	8,289
1,699	771	460	2,930
842	382	228	1,452
1,105	501	299	1,905
3,251	1,474	880	5,605
5	3	1	9
3,169	1,437	858	5,464
15,240	6,910	4,125	26,275
28,385	12,871	7,684	48,940
18,833	8,540	5,098	32,471
641	290	173	1,104
1,020	462	276	1,758
174	79	47	300
15,660	7,101	4,239	27,000
242	110	65	417
<u>\$ 1,988,187</u>	<u>\$ 198,839</u>	<u>\$ 118,697</u>	<u>\$ 2,305,723</u>

# UNITED WAY OF THE WABASH VALLEY, INC.

## Notes to Financial Statements

December 31, 2022 and 2021

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Organization's significant accounting policies applied in the preparation of the accompanying financial statements follows:

#### Organization

The purpose of United Way of the Wabash Valley, Inc. (the "Organization") is to help increase the capacity of people in the community to care for one another. The Organization is a not-for-profit corporation organized under the laws of the State of Indiana and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

#### Method of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

#### Designations by Donors for Other Organizations

Under FASB Accounting Standards Codification 958 ("ASC 958"), all contributions received by an organization that are designated by the donor to be transferred to another organization must be presented in the statement of activities as a reduction in contributions raised, and on the statement of financial position as a liability. Accordingly, included under the heading "amounts raised designated for other organizations" on the statement of activities, and "designations by donors for specific organizations" on the statement of financial position are amounts designated by donors to be transferred to specific United Way agencies or other United Ways or charitable organizations.

#### Investments

Investment securities are reported at market value.

#### Pledges Receivable

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. 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. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.



UNITED WAY OF THE WABASH VALLEY, INC.

Notes to Financial Statements - Continued

December 31, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Property and Equipment

The Organization capitalizes property and equipment over \$5,000. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five years for furniture and vehicles to thirty years for buildings.

Amortization

Leasehold improvements are amortized over the life of the lease, five years. Amortization expense for the years ended December 31, 2022 and 2021 was \$1,104 and \$1,104, respectively.

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

In-Kind Support

The Organization records various types of in kind support including advertising and printing that would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts in unrestricted supporting services expenditures and restricted assets.

Advertising Costs

Advertising costs are expensed as paid. Advertising costs for the year ended December 31, 2022 and 2021 were \$1,450 and \$1,758, respectively.

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.

Cost Allocation

Agency allocations and special programs are allocated to program services based on actual cost.

**UNITED WAY OF THE WABASH VALLEY, INC.**

**Notes to Financial Statements - Continued**

**December 31, 2022 and 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Remaining costs are allocated among program services, management and general, and fundraising on the basis of personnel time spent on these activities.

Subsequent Events

Management has evaluated subsequent events through April 24, 2023, the date which the financial statements were available for issue and concluded nothing occurred requiring adjustment to the financial statements or disclosure in the notes to the financial statements.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Cash on hand	\$ 1,600	\$ 600
Checking account deposits	523,466	692,703
Certificates of deposit	<u>11,974</u>	<u>11,974</u>
	<u>\$ 537,040</u>	<u>\$ 705,277</u>

**NOTE 3 - INVESTMENTS**

Included in investment income are the following:

	<u>Without Donor Restrictions</u>		<u>With Donor Restrictions</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Interest and dividend income	\$ 11,766	\$ 7,488	\$ -	\$ -
Unrealized gain (loss) on investments	(170,401)	15,053	-	-
Gain (loss) on sale of investment	57,096	44,608	-	-
Income (loss) from assets held by community foundation	5,730	5,439	(50,829)	63,771
Investment expense	<u>(5,424)</u>	<u>(5,797)</u>	<u>-</u>	<u>-</u>
	<u>\$ (101,233)</u>	<u>\$ 66,791</u>	<u>\$ (50,829)</u>	<u>\$ 63,771</u>

**NOTE 4 - FAIR VALUE MEASUREMENT**

The Organization classifies its assets and liabilities into three levels based on the method used to value the assets or liabilities. Level 1 values are based on quoted prices in active markets for identical securities. Level 2 values are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets. Level 3 values are based on significant unobservable inputs that reflect the organization's determination of assumptions that market participants might reasonably use in valuing the securities. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying investment.

**UNITED WAY OF THE WABASH VALLEY, INC.**

**Notes to Financial Statements - Continued**

**December 31, 2022 and 2021**

**NOTE 4 - FAIR VALUE MEASUREMENT - continued**

Assets measured at fair value on a recurring basis at December 31, 2022 are as follows:

	Level 1- Quoted Prices in Active <u>Markets</u>	Level 2- Other Observable <u>Inputs</u>	Level 3- Unobservable <u>Inputs</u>
Cash equivalents	\$ 26,031	\$ -	\$ -
Mutual funds:			
Large cap	213,848	-	-
Small/mid cap	54,446	-	-
International	42,411	-	-
Fixed income	309,098	-	-
Beneficial interest in assets held by others	<u>-</u>	<u>-</u>	<u>326,927</u>
	<u>\$ 645,834</u>	<u>\$ -</u>	<u>\$ 326,927</u>

Assets measured at fair value on a recurring basis at December 31, 2021 are as follows:

	Level 1- Quoted Prices in Active <u>Markets</u>	Level 2- Other Observable <u>Inputs</u>	Level 3- Unobservable <u>Inputs</u>
Cash equivalents	\$ 54,602	\$ -	\$ -
Mutual funds:			
Large cap	265,041	-	-
Small/mid cap	73,539	-	-
International	48,339	-	-
Fixed income	311,275	-	-
Beneficial interest in assets held by others	<u>-</u>	<u>-</u>	<u>390,195</u>
	<u>\$ 752,796</u>	<u>\$ -</u>	<u>\$ 390,195</u>
<u>Beneficial interest in assets held by others</u>		<u>2022</u>	<u>2021</u>
Balance at beginning of year		\$ 390,195	\$ 338,269
Grant payments		(12,439)	(11,845)
Change in value		(50,829)	63,771
Balance at end of year		<u>\$ 326,927</u>	<u>\$ 390,195</u>

Following is a description of the valuation methodologies used for assets at fair value.

**UNITED WAY OF THE WABASH VALLEY, INC.**

**Notes to Financial Statements - Continued**

**December 31, 2022 and 2021**

**NOTE 4 - FAIR VALUE MEASUREMENT - continued**

For all *cash equivalents* and *mutual funds* fair value is determined by reference to quoted market prices.

Beneficial interest in assets held by others is recorded at a market value determined by Wabash Valley Community Foundation.

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

Previously, the Organization contributed a total of \$282,014 to the Wabash Valley Community Foundation to establish a fund to benefit the United Way of the Wabash Valley. The purpose of the fund is stated below.

United Way of the Wabash Valley - Ada Hodge Fund is a designated endowment fund the primary purpose of which is to provide support to the Agency to carry out its role and mission as described by the Agency's governing documents. The annual earnings allocable to the Fund, net of fees and expenses, will be distributed annually to the Agency. The Agency designated the principal of the Fund cannot be invaded.

Previously, the Organization contributed a total of \$5,000 and others contributed \$1,289 to the Wabash Valley Community Foundation to establish a fund to benefit the United Way of the Wabash Valley. The purpose of the fund is stated below.

United Way of the Wabash Valley Endowment Fund is a designated endowment fund the primary purpose of which is to provide support to the Agency to carry out its role and mission as described by the Agency's governing documents. The annual earnings allocable to the Fund, net of fees and expenses, will be distributed annually to the Agency. The Agency designated the principal of the Fund cannot be invaded.

Subject to the right of the Wabash Valley Community Foundation to reject any particular gift, any person whether an individual, corporation, trust, estate or organization, including the Organization, may make additional gifts to the Foundation for the purpose of the Funds. All gifts are irrevocable once accepted by the Foundation. These Funds are not separate trusts. All money and property of the Funds are held as general assets of the Foundation.

The Organization, through the acceptance of the designated endowment agreements, has granted the board of directors of the Wabash Valley Community Foundation variance power. The variance power allows the Foundation to redirect the distributions from these established funds if in the judgment of the Foundation's Board of Directors, the conditions or restrictions of these agreements are unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community served by the Foundation. No distributions shall be made from these funds if it endangers the 501(c)(3) status of the Foundation.

The value of the above funds is reported on the statements of financial position as a beneficial interest in assets held by others.

**UNITED WAY OF THE WABASH VALLEY, INC.**

**Notes to Financial Statements - Continued**

**December 31, 2022 and 2021**

**NOTE 6 - PLEDGES RECEIVABLE**

Unconditional promises are included in the financial statements as pledges receivable and revenue of the appropriate net asset category.

Unconditional promises at December 31, are expected to be realized in the following periods:

	<u>2022</u>		<u>2021</u>	
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
In one year or less	\$ 97,067	\$ 208,792	\$ 105,176	\$ 278,084
Between one year and five years	-	25,359	-	29,545
More than five years	-	-	-	-
	<u>97,067</u>	<u>234,151</u>	<u>105,176</u>	<u>307,629</u>
Less: Allowance for doubtful amounts	<u>45,719</u>	<u>33,749</u>	<u>50,484</u>	<u>43,683</u>
	<u>\$ 51,348</u>	<u>\$ 200,402</u>	<u>\$ 54,692</u>	<u>\$ 263,946</u>

**NOTE 7 - NET ASSETS**

Net assets with donor restrictions at December 31, are available for the following purposes:

	<u>2022</u>	<u>2021</u>
Beneficial interest in assets held by others	\$ 326,927	\$ 390,195
Contributions available for use during 2022 for program and supporting service purposes	-	507,893
Contributions available for use during 2023 for program and supporting service purposes	472,239	-
Job Skills	10,000	10,000
Wabash Valley Community Connect	-	4,113
Success by 6	137,514	154,400
COVID-19 Relief	-	281,644
Strong Neighborhoods	107,830	-
Reimagine grant	-	9,532
Youth Success	991	-
Special Operations Projects	<u>29,266</u>	<u>-</u>
	<u>\$ 1,084,767</u>	<u>\$ 1,357,777</u>

Net assets without donor restrictions at December 31, are available for the following purposes:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ 309,667	\$ 329,488
Board-designated		
Success by 6	30,022	25,022

**UNITED WAY OF THE WABASH VALLEY, INC.**

**Notes to Financial Statements - Continued**

**December 31, 2022 and 2021**

**NOTE 7 - NET ASSETS - continued**

	<u>2022</u>	<u>2021</u>
Youth Success	\$ 133,251	\$ 88,737
CIC Impact Council	53,375	55,000
Financial Management	98,299	220,779
Strong Neighborhoods	64,009	74,829
Safety Net	<u>18,750</u>	<u>-</u>
	<u>\$ 707,373</u>	<u>\$ 793,855</u>

**NOTE 8 - INCOME TAXES**

The United Way of the Wabash Valley, Inc. is a not-for-profit organization in accordance with the Internal Revenue Code Section 501(c)(3). Therefore, no provision for federal or state income taxes has been reflected in the financial statements.

The Organization's policy is to evaluate any potential uncertain tax positions and the likelihood that they will prevail upon examination based on the extent to which those positions have substantial support within the Internal Revenue Code and Regulations, Revenue Rulings, court decisions, and other evidence. It is the opinion of management that the Organization has no uncertain tax positions.

The Organization's information returns are subject to examination by the appropriate taxing jurisdictions. As of December 31, 2022, the Organization's federal and state tax returns for the last three years are open for examination as each year's returns remain open for examination for three years.

**NOTE 9 - LEASES**

In October 2021, the Agency resigned an operating lease for its office for \$4,000 per month for a period which ends September 2026. The Organization has an option to extend for five years at \$4,250 a month. This lease is discounted at 3.5%, which was the Wall Street Journal Prime Rate at the time the lease originated. In October 2021, the Agency signed a sublease to rent out a portion of the office space for a net payment of \$800 per month for a period which ends September 2026. These receipts are netted against lease expense. Operating lease expense for 2022 and 2021 was \$39,467 and \$35,800, respectively. Future minimum rental payments are as follows:

2023	\$ 48,000
2024	48,000
2025	48,000
2026	48,750
2027	51,000
Thereafter	<u>191,250</u>
	435,000
Discount	<u>(61,616)</u>
Lease liability	<u>\$ 373,384</u>

**UNITED WAY OF THE WABASH VALLEY, INC.**

**Notes to Financial Statements - Continued**

**December 31, 2022 and 2021**

**NOTE 10 - RETIREMENT PLAN**

The Agency maintains a defined contribution pension plan that covers most employees. The employer contributes 11% plus a 1% match of the participants' gross wages to the plan each month. For 2022 and 2021, the amount of pension expense related to this plan was \$49,799 and \$45,578, respectively.

**NOTE 11 - MAJOR CONTRIBUTOR**

Three contributors accounted for 14% of total contributions and pledges in 2022. Two grantors accounted for 62% of total grants in 2022.

Five contributors accounted for 18.8% of total contributions and pledges in 2021. Two grantors accounted for 73.1% of total grants in 2021.

**NOTE 12 - CONCENTRATION OF PLEDGES RECEIVABLE**

The United Way of the Wabash Valley is a not-for-profit agency that conducts an annual fund raising drive to strengthen health and human service programs benefiting people in the Wabash Valley area. The Agency receives annual campaign pledges from individuals and businesses, substantially all of whom are located in communities of the Wabash Valley.

**NOTE 13 - FUND HELD IN TRUST BY OTHERS**

The Organization has a fund at the Wabash Valley Community Foundation which was established in 2000 with funds from the Lilly Endowment matching a bequest. The purpose of the fund is stated below.

United Way of the Wabash Valley Operating Endowment Fund is a designated endowment fund the primary purpose of which is to provide support to the Agency to carry out operating activities. The annual earnings allocable to the Fund, net of fees and expenses, will be distributed annually to the Agency. The principal of the Fund cannot be invaded.

The original gift to the fund was \$141,007. The current value of the fund at December 31, 2022 and 2021 is \$149,896 and \$178,932, respectively. Net earnings allocated to the fund are distributed annually to the United Way. \$5,730 and \$5,439 is included in income for the years ended December 31, 2022 and 2021 for earnings distributed from this fund.

**NOTE 14 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

**UNITED WAY OF THE WABASH VALLEY, INC.**

**Notes to Financial Statements - Continued**

**December 31, 2022 and 2021**

**NOTE 14 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS - continued**

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 537,040	\$ 705,277
Investments	645,834	752,796
Beneficial interest in assets held by others	326,927	390,195
Pledge receivables - net	251,750	318,638
Interest receivable	431	431
Less those unavailable for general expenditures within one year, due to:		
Beneficial interest in assets held by others	(326,927)	(390,195)
Donor-restricted-purpose restrictions	<u>(285,601)</u>	<u>(459,689)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 1,149,454</u>	<u>\$ 1,317,453</u>

As part of the Organization's liquidity management, it has a policy to structure financial assets to be available as general expenditures, liabilities and other obligations come due. In addition, the Organization periodically invests excess cash in investments. The Organization does not intend to spend from the donor-designated investments, though amounts could be made available, if necessary.

**NOTE 15 - PAYCHECK PROTECTION PROGRAM**

In 2021, the Organization received loan proceeds in the amount of \$79,300 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 of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after the eligible period as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent, utilities and certain interest payments, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces pay rates during the forgiveness period.

The loans were forgiven and gains on the extinguishment of PPP loans were recognized in accordance with FASB ASC 470, Debt.

**NOTE 16 - GRANT COMMITMENTS**

The Organization has made commitments to pay grants of up to \$673,237 through the year ended December 31, 2023, \$103,761 through the year ended December 31, 2024, and \$30,167 through the year ended December 31, 2025. Payment is contingent upon performance obligations of the receiving organizations.



**UNITED WAY OF THE WABASH VALLEY, INC.**

**Notes to Financial Statements - Continued**

**December 31, 2022 and 2021**

**NOTE 17 - ADOPTION OF NEW ACCOUNTING STANDARD**

The Organization adopted FASB Topic 842, Leases, using the modified retrospective approach with January 1, 2022 as the date of initial adoption. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Organization to carry forward the historical lease classification.

As part of the adoption of the ASU, the Organization elected to use the following transition practical expedients: (i) the Organization did not reassess whether any expired or existing contracts are or contain leases; (ii) the Organization did not reassess the lease classification for any expired or existing leases; and (iii) the Organization did not reassess initial direct costs for any existing leases.

As part of the adoption of the ASU, the Organization elected the following accounting policies: (i) The Organization elected, for all classes, to combine lease and non-lease components and treat the combined component as a lease component; and (ii) The Organization elected, for all classes, to not apply the ASC 842 recognition requirements to short-term leases where the client is lessee. Instead, the client will recognize the lease payments in profit or loss on a straight-line basis over the lease term.

Adoption of the standard had no effect on net assets and did not impact the Organization's change in net assets or cash flows.