

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



Indiana United Ways

FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

CPAs / ADVISORS



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

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REPORT OF INDEPENDENT AUDITORS

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

Opinion

We have audited the accompanying financial statements of The Indiana Association of United Ways, Inc. d/b/a Indiana United Ways (IUW), which comprise the statements of financial position as December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows 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 IUW as of December 31, 2023 and 2022, and the changes in its net assets and its 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 IUW 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.

Correction of Errors

As discussed in Note 3 to the financial statements, the classification of net asset balances as of December 31, 2022 have been restated to correct certain errors in the reporting of net asset restrictions. Our opinion is not modified with respect to this matter.

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 IUW's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

REPORT OF INDEPENDENT AUDITORS – CONTINUED

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of IUW'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 IUW'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.

Blue & Co., LLC

Carmel, Indiana

June 6, 2024

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

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

ASSETS

		(Restated)
	2023	2022
	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 18,903,816	\$ 3,710,387
State Employees Community Campaign (SECC) funds to be distributed	-0-	4,443
Investments	77,489,715	8,931,602
Contract receivables, net of allowance of \$15,000	24,171	242,466
Prepaid expenses and other assets	30,693	31,547
Property and equipment, net	203,748	259,393
Right-of-use assets under operating leases, net	361,291	447,322
Total assets	<u>\$ 97,013,434</u>	<u>\$ 13,627,160</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 25,703	\$ 7,370
Accrued expenses and other liabilities	87,778	78,580
Grants payable	20,654	239,343
SECC funds to be distributed	-0-	4,443
Operating lease liabilities	367,229	450,154
Total liabilities	<u>501,364</u>	<u>779,890</u>
Net assets		
Without donor restrictions	3,812,956	3,056,735
With donor restrictions	92,699,114	9,790,535
Total net assets	<u>96,512,070</u>	<u>12,847,270</u>
	<u>\$ 97,013,434</u>	<u>\$ 13,627,160</u>

See accompanying notes to financial statements.

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

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

(With Comparative Totals for the Year Ended December 31, 2022)

	2023			2022 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and revenue				
Support				
Contributions	\$ 16,441	\$ 88,928,125	\$ 88,944,566	\$ 6,630,741
Government grants	-0-	-0-	-0-	369,242
Contract fees				
UniFi Solutions	629,888	-0-	629,888	543,919
Membership Services	220,723	-0-	220,723	218,525
Investment return, net	523,776	1,662,470	2,186,246	(215,387)
Loss on disposal of property and equipment	-0-	-0-	-0-	(264,406)
Net assets released from restrictions	<u>7,682,016</u>	<u>(7,682,016)</u>	<u>-0-</u>	<u>-0-</u>
Total support and revenue	9,072,844	82,908,579	91,981,423	7,282,634
Expenses				
Program services				
Grants to members	6,142,016	-0-	6,142,016	3,058,339
Membership Services	707,541	-0-	707,541	607,191
UniFi Solutions	<u>927,730</u>	<u>-0-</u>	<u>927,730</u>	<u>978,127</u>
Total program services	7,777,287	-0-	7,777,287	4,643,657
Management and general	<u>539,336</u>	<u>-0-</u>	<u>539,336</u>	<u>509,964</u>
Total expenses	<u>8,316,623</u>	<u>-0-</u>	<u>8,316,623</u>	<u>5,153,621</u>
Change in net assets	756,221	82,908,579	83,664,800	2,129,013
Net assets, beginning of year	<u>3,056,735</u>	<u>9,790,535</u>	<u>12,847,270</u>	<u>10,718,257</u>
Net assets, end of year	<u>\$ 3,812,956</u>	<u>\$ 92,699,114</u>	<u>\$ 96,512,070</u>	<u>\$ 12,847,270</u>

See accompanying notes to financial statements.

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

STATEMENT OF ACTIVITIES (RESTATED)
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Support			
Contributions	\$ 21,302	\$ 6,609,439	\$ 6,630,741
Government grants	369,242	-0-	369,242
Contract fees			
UniFi Solutions	543,919	-0-	543,919
Membership Services	218,525	-0-	218,525
Investment return, net	(215,387)	-0-	(215,387)
Loss on disposal of property and equipment	(264,406)	-0-	(264,406)
Net assets released from restrictions	<u>3,852,280</u>	<u>(3,852,280)</u>	<u>-0-</u>
Total support and revenue	4,525,475	2,757,159	7,282,634
Expenses			
Program services			
Grants to members	3,058,339	-0-	3,058,339
Membership Services	607,191	-0-	607,191
UniFi Solutions	<u>978,127</u>	<u>-0-</u>	<u>978,127</u>
Total program services	4,643,657	-0-	4,643,657
Management and general	<u>509,964</u>	<u>-0-</u>	<u>509,964</u>
Total expenses	<u>5,153,621</u>	<u>-0-</u>	<u>5,153,621</u>
Change in net assets	(628,146)	2,757,159	2,129,013
Net assets, beginning of year	<u>3,684,881</u>	<u>7,033,376</u>	<u>10,718,257</u>
Net assets, end of year	<u>\$ 3,056,735</u>	<u>\$ 9,790,535</u>	<u>\$ 12,847,270</u>

See accompanying notes to financial statements.

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

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023

(With Comparative Total for the Year Ended December 31, 2022)

	2023					2022 Total Expenses
	Grants to Members	Program Expenses Membership Services	UniFi Solution	Management and General	Total Expenses	
Labor and benefits						
Salaries	\$ -0-	\$ 380,293	\$ 394,750	\$ 357,579	\$ 1,132,622	\$ 1,084,601
Employee benefits	-0-	103,309	147,448	65,017	315,774	292,410
Payroll taxes and expense	-0-	27,604	29,067	26,536	83,207	80,753
Total labor and benefits	-0-	511,206	571,265	449,132	1,531,603	1,457,764
Other expenses						
Grants	6,142,016	-0-	-0-	-0-	6,142,016	3,058,339
Professional services	-0-	78,255	62,817	13,638	154,710	81,850
Technology	-0-	31,537	185,488	17,502	234,527	242,157
Occupancy	-0-	33,084	57,041	23,958	114,083	43,910
Depreciation	-0-	21,171	29,577	4,897	55,645	83,287
Travel	-0-	10,736	674	7,404	18,814	14,849
Training and conferences	-0-	11,016	691	7,599	19,306	25,072
Miscellaneous	-0-	446	31	107	584	1,542
Temporary labor	-0-	-0-	-0-	-0-	-0-	66,762
Office supplies and expenses	-0-	5,006	1,734	8,524	15,264	22,941
Marketing and recognition	-0-	240	7,451	388	8,079	8,633
Telephone	-0-	-0-	-0-	2,130	2,130	8,852
Insurance	-0-	4,722	8,142	3,420	16,284	15,640
Postage and shipping	-0-	-0-	2,609	22	2,631	3,971
Printing and publications	-0-	-0-	-0-	523	523	6,931
Bank and credit card charges	-0-	122	210	92	424	1,636
Credit losses	-0-	-0-	-0-	-0-	-0-	9,485
Total expenses	<u>\$ 6,142,016</u>	<u>\$ 707,541</u>	<u>\$ 927,730</u>	<u>\$ 539,336</u>	<u>\$ 8,316,623</u>	<u>\$ 5,153,621</u>

See accompanying notes to financial statements.

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

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Expenses				Management and General	Total Expenses
	Grants to Members	Membership and Digital Services	UniFi Solution			
Labor and benefits						
Salaries	\$ -0-	\$ 356,646	\$ 425,084	\$ 302,871	\$ 1,084,601	
Employee benefits	-0-	72,202	160,250	59,958	292,410	
Payroll taxes and expense	-0-	26,591	31,548	22,614	80,753	
Total labor and benefits	-0-	455,439	616,882	385,443	1,457,764	
Other expenses						
Grants	3,058,339	-0-	-0-	-0-	3,058,339	
Professional services	-0-	39,194	9,186	33,470	81,850	
Technology	-0-	34,795	189,598	17,764	242,157	
Occupancy	-0-	15,369	20,638	7,903	43,910	
Depreciation	-0-	30,023	38,740	14,524	83,287	
Travel	-0-	9,341	1,878	3,630	14,849	
Training and conferences	-0-	5,614	12,566	6,892	25,072	
Miscellaneous	-0-	99	-0-	1,443	1,542	
Temporary labor	-0-	-0-	66,762	-0-	66,762	
Office supplies and expenses	-0-	4,634	2,996	15,311	22,941	
Marketing and recognition	-0-	407	4,311	3,915	8,633	
Telephone	-0-	2,374	3,187	3,291	8,852	
Insurance	-0-	4,133	5,550	5,957	15,640	
Postage and shipping	-0-	-0-	3,598	373	3,971	
Printing and publications	-0-	5,226	1,453	252	6,931	
Bank and credit card charges	-0-	543	782	311	1,636	
Credit losses	-0-	-0-	-0-	9,485	9,485	
Total expenses	<u>\$ 3,058,339</u>	<u>\$ 607,191</u>	<u>\$ 978,127</u>	<u>\$ 509,964</u>	<u>\$ 5,153,621</u>	

See accompanying notes to financial statements.

**THE INDIANA ASSOCIATION OF UNITED WAYS, INC. D/B/A
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STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Operating activities		
Change in net assets	\$ 83,664,800	\$ 2,129,013
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	55,645	83,287
Loss on disposal of property and equipment	-0-	264,406
Realized and unrealized (gains) losses on investments, net	(1,239,578)	492,502
Changes in operating assets and liabilities:		
Contract receivables, net	218,295	(179,222)
Prepaid expenses and other assets	854	16,741
Right-of-use assets under operating leases	86,031	(447,322)
Accounts payable	18,333	(8,921)
Accrued expenses and other liabilities	9,198	(61,617)
Grants payable	(218,689)	(97,609)
Operating lease liabilities	(82,925)	450,154
Net cash flows from operating activities	82,511,964	2,641,412
Investing activities		
Capital expenditures	-0-	(110,858)
Purchase of investments	(95,306,485)	(16,062,120)
Proceeds from sale of investments	27,987,950	15,060,253
Net cash flows from investing activities	(67,318,535)	(1,112,725)
Net change in cash and cash equivalents	15,193,429	1,528,687
Cash and cash equivalents, beginning of year	3,710,387	2,181,700
Cash and cash equivalents, end of year	\$ 18,903,816	\$ 3,710,387

See accompanying notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

1. NATURE OF ACTIVITIES

The Indiana Association of United Ways, Inc. d/b/a Indiana United Ways (IUW) is a statewide organization that helps local United Ways to thrive. With 42 members and a staff of 14, IUW supports United Ways, who fight for the health, education, and financial stability of every individual in every community in Indiana and throughout the country in partnership with United Way Worldwide (UWW). IUW's mission is to be the leading voice to advocate, engage, and partner with a strong United Way Network and key stakeholders to advance human well-being throughout Indiana.

IUW's primary programs include the following:

UniFi Solutions

UniFi Solutions provides services to more than 31 local United Ways throughout the country who are interested in consolidating their backroom services in order to focus on fundraising, donor relationship cultivation, and putting systems in place to meet urgent community health and human service needs. UniFi's backroom services include cloud hosting, accounting, payroll, and pledge processing.

Membership Services

Membership Services directly support the Indiana based local United Ways, and fund members, through the newly adopted Modern United Way framework. Products provided include:

- Supporting strategic organizational development of local united way members;
- Executing a comprehensive Board and Governance training regionally;
- Coaching and training new executives;
- Grant procurement and Management overseeing campaign match dollars for local United Ways, the Indiana Natural Disaster (IND) Fund, and other grants;
- Significant merger support;
- Key individualized coaching and training that supports both small and large United Ways, and;
- Active public policy work promoting statewide issues such as advocating for statewide high-quality childcare, advocating against predatory lending, and disseminating the Asset Limited Income Constrained Employer (ALICE) report.

IUW operates all of its programs and services through the lens of the following guiding principles:

- We're not a one size fits all state and IUW must adapt and be nimble.

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INDIANA UNITED WAYS**

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- We're learning and growing alongside our members and the United Way Network.
- We're committed to be a transformational leader for the United Way Network.
- United Way believes that Equity is the just inclusion of everyone in society. Equity is achieved when race/ethnicity, gender, sexual orientation and other identities no longer determine socioeconomic, education, and health outcomes. We recognize structural racism has contributed to the persistent disparities which United Way seeks to dismantle. Our network strives to engage community residents to create solutions that ensure everyone has the resources, support, opportunities and networks they need to thrive.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Net assets, support, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of IUW are classified and reported as follows:

Net assets without donor restrictions - Net assets without donor restrictions are resources available to support operations. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of IUW, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

The governing board has designated, from net assets without donor restrictions, net asset funds to protect IUW's long-term viability due to volatility in funding resources (Note 8).

Net assets with donor restrictions - Net assets with donor restrictions are resources that are restricted for use for a particular purpose or in a particular future period. These include donor restrictions requiring the net assets to be held in perpetuity or for specified terms with investment return available for operations or specific purposes.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restrictions is reported in the statement of activities by reclassifying the net assets with donor restrictions to net assets without donor restrictions.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support,

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

revenue, and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

For purposes of the statement of cash flows, IUW considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents are carried at costs, which approximates fair value, and primarily consist of money market savings account.

Investments and Investment Return

Investments are reported at fair value for financial reporting purposes. Investment return includes, interest, dividends, and realized and unrealized gains and losses. Changes in unrealized appreciation or depreciation of investments are recorded in the period such changes occur. Realized gains and losses are recorded based on the costs of the specific investments sold. Interest and dividend income is recorded when earned and includes capital gains distributions within mutual funds.

Investment return is recorded as increases and decreases in net assets without donor restrictions unless its use is restricted by donors to a specified purpose or future period.

Contract Receivables

Contract receivables arise from the sale or exchange of goods and services such as the sale of backroom services including cloud hosting, accounting, payroll, and pledge processing through UniFi Solutions and membership services as well as grants that are considered to be performance-based service contracts where allowable costs have been incurred or the services have been performed. All amounts are due within one year.

Contract receivables, net at January 1, 2022 were \$63,244.

Allowance for Credit Losses

Contract receivables are stated at the amount of consideration from customers and donors of which IUW has an unconditional right to receive, which is reduced by a valuation allowance for credit losses to report the amount IUW expects to collect. Management provides for expected uncollectible amounts through a provision for credit loss expense and an adjustment to the valuation allowance. The allowance for credit losses is estimated using a single risk pool and information relevant to assessing collectability, from both internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts for conditions in the State. Balances that are still outstanding after management has used reasonable collection efforts are individually evaluated and written off, as deemed necessary, through a charge to the valuation allowance and a credit to contract receivables. Changes in the valuation allowance for credit losses have not been material to the financial statements.

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Property and Equipment

IUW capitalizes all significant purchases of property and equipment at cost, including expenditures that substantially increase the useful lives of existing assets. Costs of ordinary maintenance and repairs are expensed as incurred.

Depreciation is computed using the straight-line method over the shorter of estimated useful lives of the assets or lease term, if applicable. IUW estimates the useful lives of its capitalized assets as follows:

<u>Description</u>	<u>Useful Lives</u>
Office equipment	3 - 10 years
Leasehold improvements	3 - 5 years

Support and Revenue Recognition

IUW recognizes contributions, including government grants, when cash, securities or other assets or an unconditional promise to give is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Government grants are generally received under multi-year contracts and are available to be spent over the term of the grant. Therefore, funds not spent in one year are available to be carried forward into the subsequent period until the grant term expires.

Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Revenue funded by grants considered to be exchange transactions are recognized over time as IUW performs the contracted services or incurs eligible expenses under the grant agreements, at the stated price per contract.

IUW recognizes revenue from UniFi Solutions and Membership Services within the month services are performed.

All other revenues are recorded when earned.

Functional Allocation of Expenses

The cost of providing the programs and services of IUW have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting activities benefited based on the actual direct expenditures and cost allocations of indirect expenses based on time and the usage by personnel and programs. IUW does not incur fundraising expense. Expenses allocated include personnel

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NOTES TO FINANCIAL STATEMENTS
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cost, professional services, technology, occupancy, depreciation, and other office overhead. Although the methods used were appropriate, other methods could produce different results.

Income Taxes

IUW is organized as a not-for-profit corporation and is exempt from income taxes under section 501(c)(3) of the United States Internal Revenue Code and similar state law. As such, IUW is generally exempt from income taxes. However, IUW is required to file Federal Form 990 – Return of Organization Exempt from Income Tax and a corresponding state return, which are informational returns only.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by IUW and recognize a tax liability if IUW has taken an uncertain position that more likely than not would be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by IUW, and has concluded that as of December 31, 2023 and 2022, there are no uncertain positions taken or expected to be taken that would require recognition of the liability or disclosure in the accompanying financial statements. IUW is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

IUW has filed its federal and state income tax returns for periods through December 31, 2022. These income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions).

Subsequent Events

IUW evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through June 6, 2024, which is the date the financial statements were available to be issued.

3. CHANGE IN ACCOUNTING PRINCIPLE AND CORRECTION OF ERRORS

On January 1, 2023, IUW adopted financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)*, utilizing the modified retrospective approach. This ASU replaces the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to estimate credit losses. The new guidance requires financial assets measured at amortized cost to be presented at the net amount expected to be collected. IUW applied the guidance to financial assets measured at amortized cost (primarily contract receivables) that existed as of January 1, 2023 (the date of initial application). The adoption of this ASU did not have a material impact on IUW's financial statements.

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INDIANA UNITED WAYS**

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In addition, the classification of net assets at December 31, 2022 have been restated to correct certain classification errors during 2022. Net assets of \$1,874,029 have been reclassified as of December 31, 2022 from net assets without donor restrictions to net assets with donor restrictions.

The following are the statement of financial position and statement of activities accounts impacted by the restatement as of December 31, 2022:

	Previously Stated Balance	Adjustment	Restated Balance
Net assets			
Without donor restrictions	\$ 4,930,764	\$ (1,874,029)	\$ 3,056,735
With donor restrictions	\$ 7,916,506	\$ 1,874,029	\$ 9,790,535
Total net assets	\$ 12,847,270	\$ -0-	\$ 12,847,270
Net assets released from restrictions	\$ 5,726,309	\$ (1,874,029)	\$ 3,852,280

4. STATE EMPLOYEES COMMUNITY CAMPAIGN (SECC)

IUW had an agreement with the State of Indiana to act as a fiscal agent and campaign manager for the proceeds of the SECC. IUW was to distribute these funds to recipient charitable associations based on an approved distribution system. During 2022, the State of Indiana discontinued the SECC agreement with IUW. Funds held by IUW, to be distributed on behalf of the SECC, was \$4,443 at December 31, 2022. All remaining funds were distributed during 2023.

5. INVESTMENTS

Investments consist of the following at December 31:

	2023	2022
U.S. government obligations	\$ 45,938,340	\$ -0-
Mutual funds	15,453,136	5,973,730
Common stocks	126,594	713,956
Exchange-traded funds	-0-	18,558
Certificates of deposit	5,546,807	1,479,807
	<u>\$ 67,064,877</u>	<u>\$ 8,186,051</u>

IUW's investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that the changes in the various risk factors will occur in

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the near term that could materially affect the amounts reported in the accompanying financial statements.

The following schedule summarizes the investment return (including interest on cash and cash equivalents) for the years ended December 31:

	2023	2022
Interest and dividend income	\$ 1,013,574	\$ 307,234
Realized and unrealized gains (losses), net	1,239,578	(492,502)
Investment fees	(66,906)	(30,119)
	\$ 2,186,246	\$ (215,387)

At December 31, 2023, investments are held in seven accounts (three accounts at December 31, 2022), with one broker. At December 31, 2023, 10% of IUW's investments were held in one mutual fund. At December 31, 2022, 59% of IUW's investments were held in three mutual funds, with individual percentages of 30%, 15%, and 14%.

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2023	2022
Office equipment	\$ 340,444	\$ 340,444
Leasehold improvements	129,777	129,777
	470,221	470,221
Accumulated depreciation	(266,473)	(210,828)
	\$ 203,748	\$ 259,393

7. LEASES

IUW recognizes right-of-use (ROU) assets and lease liabilities for leases with terms greater than 12 months or leases that contain a purchase option that is reasonably certain to be exercised. Leases are classified as either finance or operating leases. This classification dictates whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease.

IUW has an operating lease for its office facility at December 31, 2023. Leasing arrangements required fixed payments and also include an amount that is probable will be owed under residual value guarantees, if applicable. Lease payments also include payments related to purchase or termination options when the lessee is reasonably certain to exercise the option or is reasonably

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certain not to exercise the option, respectively. IUW's lease agreement does not contain any material restrictive covenants. The office facility lease has a remaining term of approximately 4 years.

IUW's ROU assets and lease liabilities are recognized on the lease commencement date in an amount that represents the present value of future lease payments over the lease term. IUW utilizes the risk-free rate commensurate to the lease term as the discount rate for its leases unless IUW can specifically determine the lessor's implicit rate. Certain lease contracts contain non-lease components such as maintenance and utilities. IUW has made a policy election to not separate the lease and non-lease components, and thus recognize a single lease component for all of its right-of-use assets and lease liabilities.

Short-term leases (leases with an initial term of 12 months or less or leases that are cancelable by the lessee and lessor without significant penalties) are not capitalized but are expensed on a straight-line basis over the lease term. IUW did not have any short-term leases for the years ended December 31, 2023 and 2022.

In evaluating contracts to determine if they qualify as a lease, IUW considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if IUW can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. Furthermore, IUW assesses whether it is reasonably certain to exercise options to extend or terminate a lease considering all relevant factors that create economic incentive to exercise such options, including asset, contract, market, and entity-based factors. These evaluations may require significant judgment.

IUW's total lease expense for the years ended December 31, 2023, and 2022 was \$114,083 and \$111,072, respectively.

IUW's right-of-use assets and lease liabilities consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Right-of-use assets		
Operating lease assets, net	<u>\$ 361,291</u>	<u>\$ 447,322</u>
Lease liabilities		
Operating lease liabilities	<u>\$ 367,229</u>	<u>\$ 450,154</u>

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Additional information regarding cash payments under IUW's operating leases during 2023 and 2022, as well as the inputs used in determining ROU assets and liabilities at December 31, 2023 and 2022, is as follows:

	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 89,806	\$ 108,924
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ -0-	\$ 516,276
Weighted-average remaining lease term	4.1 Years	5.0 Years
Weighted-average discount rate	1.55%	1.55%

Future payments of operating lease liabilities at December 31, 2023 is as follows:

	Year Ending December 31,		
	2024	\$	90,430
	2025		92,042
	2026		93,653
	2027		95,264
	2028		7,960
Total lease payments			379,349
Less: interest			(12,120)
Present value of lease liabilities		\$	367,229

8. NET ASSETS

Net Assets without Donor Restrictions

IUW's governing board has designated net assets without donor restrictions for the following purposes at December 31:

	2023	2022
Liquidity reserve	\$ 1,150,656	\$ 1,000,656
Member association merger funds	149,437	149,437
	\$ 1,300,093	\$ 1,150,093

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Net Assets with Donor Restrictions

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

		(Restated)
	2023	2022
Subject to Expenditure for Specified Purpose:		
Matching Grant Program	\$ 5,891,968	\$ 5,741,197
Statewide Capital Projects Initiative (SCPI)	80,000,000	-0-
SCPI investment return, net	1,662,470	-0-
IND Fund	2,230,120	2,830,120
Special Initiatives	77,889	82,551
Subject to Passage of Time:		
For future periods	1,136,667	1,136,667
SCPI administrative	1,700,000	-0-
	\$ 92,699,114	\$ 9,790,535

Net Assets Released from Restrictions

Net assets were released from donor-imposed restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows during the years ended December 31:

		(Restated)
	2023	2022
Subject to Expenditure for Specified Purpose:		
Matching Grant Program	\$ 5,537,354	\$ 2,256,843
IND Fund	600,000	-0-
Special Initiatives	4,662	355,437
Subject to Passage of Time:		
For future periods	1,240,000	1,240,000
SCPI administrative	300,000	-0-
	\$ 7,682,016	\$ 3,852,280

9. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following table reflects IUW's financial assets, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date; that is,

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amounts that are without donor restrictions or board designations limiting their use at December 31:

	2023	(Restated) 2022
Financial assets		
Cash and cash equivalents	\$ 18,903,816	\$ 3,710,387
State Employees Community Campaign (SECC)	-0-	4,443
Investments	77,489,715	8,931,602
Contract receivables, net	24,171	242,466
Total financial assets	96,417,702	12,888,898
Donor imposed restrictions	(92,699,114)	(9,790,535)
Board designated net assets	(1,300,093)	(1,150,093)
SECC funds to be distributed	-0-	(4,443)
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,418,495	\$ 1,943,827

IUW is supported by restricted grants and contributions. Donor restrictions require resources to be used in a particular manner or in a future period and IUW must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of IUW's liquidity management, it has a policy to structure its financial assets to be available for its general expenditures, liabilities, and other obligations as they come due.

Board designated net assets have been designated by the Board of Directors for specific purposes (Note 8). Although IUW does not intend to spend the board designated net assets to meet general expenditures, the amounts could be made available, if necessary.

10. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that IUW has the ability to access.
- Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in

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inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the assets or liability has a specific (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset and liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used to maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no change in the methodologies used at December 31, 2023 and 2022.

- *Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by IUW are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by IUW are deemed to be actively traded.
- *Common stocks and exchange-traded funds:* Valued at the closing price reported in the active market on which the individual securities are traded.
- *U.S. Government obligations:* Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

The preceding methods described used may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although IUW believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies and assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

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The following tables set forth by level within the fair value hierarchy IUW's assets measured at fair value on a recurring basis as of December 31:

	2023			
	Level 1	Level 2	Level 3	Total
U.S. government obligations	\$ -0-	\$ 45,938,340	\$ -0-	\$ 45,938,340
Mutual funds - fixed income				
Ultrashort bonds	10,424,838	-0-	-0-	10,424,838
Short-term bonds	7,855,156	-0-	-0-	7,855,156
Bank loans	5,652,780	-0-	-0-	5,652,780
Corporate bonds	1,945,200	-0-	-0-	1,945,200
Common stocks	126,594	-0-	-0-	126,594
Total assets at fair value	<u>\$ 26,004,568</u>	<u>\$ 45,938,340</u>	<u>\$ -0-</u>	71,942,908
Certificates of deposit				5,546,807
Total investments				<u>\$ 77,489,715</u>

	2022			
	Level 1	Level 2	Level 3	Total
U.S. government obligations	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Mutual funds - fixed income				
Ultrashort bonds	1,459,507	-0-	-0-	1,459,507
Short-term bonds	2,635,953	-0-	-0-	2,635,953
Bank loans	2,623,821	-0-	-0-	2,623,821
Common stocks	713,956	-0-	-0-	713,956
Exchange-traded funds - real estate	18,558	-0-	-0-	18,558
Total assets at fair value	<u>\$ 7,451,795</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	7,451,795
Certificates of deposit				1,479,807
Total investments				<u>\$ 8,931,602</u>

11. RETIREMENT PLAN

IUW offers a 403(b) Thrift Plan covering substantially all employees who fulfill eligibility requirements. An employee's contribution may not exceed the maximum amount allowed as determined by the Internal Revenue Code. The employer matching contribution is equal to 50% of the first 4% of employee contributions. IUW also provides an employer base contribution in which IUW contributes 10% of employee compensation for employees hired prior to January 1, 2018 (5% for employees hired on or after January 1, 2018). Employer matching and base contributions become fully vested after three years of service. Employer matching and base contributions were \$79,088 and \$56,089 for the years ended December 31, 2023 and 2022, respectively.

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12. RELATED PARTY TRANSACTIONS

IUW regularly conducts business with member associations. During 2023 and 2022, nine and eight members, respectively, of the Board of Directors also serve as Board Members of a member association. During 2023 and 2022, four and three members, respectively, of the Board of Directors are Executive Directors of a member association.

The following are the membership association transactions and balances for the years ended December 31:

	2023				
	Contract fees				
	Membership Services	UniFi Solutions	Grants to Members	Contract Receivables	Grants Payable
Board Members	\$ 100,401	\$ 165,320	\$ (2,318,761)	\$ 7,534	\$ 382
Executive Directors	15,898	16,369	(604,645)	9,358	-0-
	<u>\$ 116,299</u>	<u>\$ 181,689</u>	<u>\$ (2,923,406)</u>	<u>\$ 16,892</u>	<u>\$ 382</u>
	2022				
	Contract fees				
	Membership Services	UniFi Solutions	Grants to Members	Contract Receivables	Grants Payable
Board Members	\$ 63,220	\$ 181,068	\$ (1,473,773)	\$ 375	\$ 164,760
Executive Directors	54,246	-0-	(449,456)	-0-	560
	<u>\$ 117,466</u>	<u>\$ 181,068</u>	<u>\$ (1,923,229)</u>	<u>\$ 375</u>	<u>\$ 165,320</u>

13. CONCENTRATIONS

Concentration of Credit Risk

IUW maintains its cash and cash equivalents primarily in two financial institutions which regularly exceed federally insured limits. IUW has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Funding Concentrations

IUW received approximately 97% and 91% of its total support and revenue from one donor during the years ended December 31, 2023 and 2022, respectively. Additionally, there were no donors representing 10% or more of gross contract receivables at December 31, 2023 and approximately 94% of gross contract receivables were due from another donor at December 31, 2022.