

JACKSON COUNTY UNITED WAY, INC.

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2019 AND 2018

CPAs / ADVISORS



JACKSON COUNTY UNITED WAY, INC.

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
Jackson County United Way, Inc.
Seymour, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of the Jackson County United Way, Inc. (the "Organization") which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2019 and 2018, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information on page 20 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Correction of Classification

As part of our audit of the 2019 financial statements, we also audited the adjustment as described in note 2 that was applied to reclassify net assets as of January 1, 2018 between net assets without donor restrictions and net assets with donor restrictions. In our opinion, such adjustment is appropriate and has been properly applied. Our opinion on the 2019 financial statements is not modified with respect to this matter.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective January 1, 2019, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Blue & Co., LLC

Seymour, Indiana

August 18, 2020

JACKSON COUNTY UNITED WAY, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2019 AND 2018

ASSETS

	2019	2018 As Restated
Cash	\$ 710,944	\$ 692,830
Certificates of deposit	88,025	87,279
Board designated investments	23,415	20,670
Pledges receivable, net	346,010	442,280
Grant receivable	31,464	20,722
Prepaid expenses	2,400	6,396
Office furniture and equipment, net	3,341	5,073
	<u>\$ 1,205,599</u>	<u>\$ 1,275,250</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 21,954	\$ 11,081
Designations payable	17,978	23,214
Agency liability	1,416	1,416
Deferred revenue	-0-	55,358
Total liabilities	<u>41,348</u>	<u>91,069</u>

Net assets

Without donor restrictions		
Board designated reserve	158,750	158,750
Undesignated	<u>368,272</u>	<u>316,713</u>
	527,022	475,463
With donor restrictions		
Restricted due to time restrictions	583,759	682,316
Restricted for specified purpose	<u>53,470</u>	<u>26,402</u>
	<u>637,229</u>	<u>708,718</u>
Total net assets	<u>1,164,251</u>	<u>1,184,181</u>
	<u>\$ 1,205,599</u>	<u>\$ 1,275,250</u>

See accompanying notes to financial statements.

JACKSON COUNTY UNITED WAY, INC.

STATEMENTS OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenues				
Gross campaign results	\$ 142,234	\$ 636,029	\$ 778,263	\$ 1,016,752
Less donor designations	(156)	(7,270)	(7,426)	(21,389)
Less provision for uncollectible accounts	<u>-0-</u>	<u>(45,000)</u>	<u>(45,000)</u>	<u>(15,737)</u>
Net campaign results	142,078	583,759	725,837	979,626
Grants and contributions	206,373	80,356	286,729	133,906
In-kind services	3,052	-0-	3,052	9,714
Investment return	5,002	-0-	5,002	656
Miscellaneous	8,401	-0-	8,401	5,410
Net assets released from restrictions	<u>735,604</u>	<u>(735,604)</u>	<u>-0-</u>	<u>-0-</u>
Total support and revenues	1,100,510	(71,489)	1,029,021	1,129,312
Expenses				
Program	835,820	-0-	835,820	725,397
Management and general	81,269	-0-	81,269	84,968
Fundraising	<u>131,862</u>	<u>-0-</u>	<u>131,862</u>	<u>112,578</u>
Total expenses	<u>1,048,951</u>	<u>-0-</u>	<u>1,048,951</u>	<u>922,943</u>
Change in net assets	51,559	(71,489)	(19,930)	206,369
Net assets, beginning of year	<u>475,463</u>	<u>708,718</u>	<u>1,184,181</u>	<u>977,812</u>
Net assets, end of year	<u>\$ 527,022</u>	<u>\$ 637,229</u>	<u>\$ 1,164,251</u>	<u>\$ 1,184,181</u>

See accompanying notes to financial statements.

JACKSON COUNTY UNITED WAY, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018 (AS RESTATED)

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Gross campaign results	\$ 276,460	\$ 740,292	\$ 1,016,752
Less donor designations	(8,413)	(12,976)	(21,389)
Less provision for uncollectible accounts	29,263	(45,000)	(15,737)
Net campaign results	297,310	682,316	979,626
Grants and contributions	126,019	7,887	133,906
In-kind services	9,714	-0-	9,714
Investment return	656	-0-	656
Miscellaneous	5,410	-0-	5,410
Net assets released from restrictions	544,698	(544,698)	-0-
Total support and revenues	983,807	145,505	1,129,312
Expenses			
Program	725,397	-0-	725,397
Management and general	84,968	-0-	84,968
Fundraising	112,578	-0-	112,578
Total expenses	922,943	-0-	922,943
Change in net assets	\$ 60,864	\$ 145,505	\$ 206,369
Net assets, beginning of year			
As previously reported	524,461	453,351	977,812
Prior period adjustment related to:			
Restatement of net assets	(109,862)	109,862	-0-
Net assets, beginning of year, as restated	414,599	563,213	977,812
Change in net assets	60,864	145,505	206,369
Net assets, end of year	\$ 475,463	\$ 708,718	\$ 1,184,181

See accompanying notes to financial statements.

JACKSON COUNTY UNITED WAY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31 2019

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018)

	2019						2018
	Program		Total	Management	Fundraising	Total	Total
	Agency & Community Services	Covering Kids & Families	Program	and General			
Agency allocations	\$ 504,657	\$ -0-	\$ 504,657	\$ -0-	\$ -0-	\$ 504,657	\$ 498,727
Salaries	42,074	127,973	170,047	36,198	79,222	285,467	216,560
Payroll taxes	3,040	9,058	12,098	2,587	5,325	20,010	15,568
Professional services	1,948	5,277	7,225	14,190	3,143	24,558	23,077
Bank charges	4	-0-	4	656	1,108	1,768	-0-
Consulting	5,999	-0-	5,999	-0-	-0-	5,999	27,451
Occupancy	6,428	8,124	14,552	3,474	8,470	26,496	21,303
In-kind expense	3,052	-0-	3,052	-0-	-0-	3,052	9,714
Insurance	958	745	1,703	2,786	216	4,705	3,636
Meetings, conferences and training	1,657	2,917	4,574	24	430	5,028	-0-
Association fees	6	-0-	6	9,614	10	9,630	9,146
Dues and subscriptions	20,970	10	20,980	1,483	7,154	29,617	12,089
Campaign supplies	117	680	797	-0-	3,636	4,433	3,589
Employee benefits	4,361	10,619	14,980	1,236	9,844	26,060	17,906
Special events & marketing	23,130	16,627	39,757	42	3,269	43,068	30,880
Repairs and maintenance	619	1,494	2,113	4,463	3,920	10,496	1,558
Telephone	1,378	1,710	3,088	122	1,247	4,457	3,019
Supplies	12,369	7,689	20,058	768	1,350	22,176	7,507
Postage	655	-0-	655	660	2,659	3,974	2,449
Transportation	1,338	3,550	4,888	171	859	5,918	9,529
Miscellaneous	3,612	975	4,587	1,063	-0-	5,650	7,419
Depreciation	-0-	-0-	-0-	1,732	-0-	1,732	1,816
	<u>\$ 638,372</u>	<u>\$ 197,448</u>	<u>\$ 835,820</u>	<u>\$ 81,269</u>	<u>\$ 131,862</u>	<u>\$ 1,048,951</u>	<u>\$ 922,943</u>

See accompanying notes to financial statements.

JACKSON COUNTY UNITED WAY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	Program		Total Program	Management and General	Fundraising	Total
	Agency & Community Services	Covering Kids & Families				
Agency allocations	\$ 498,727	\$ -0-	\$ 498,727	\$ -0-	\$ -0-	\$ 498,727
Salaries	49,858	47,014	96,872	41,865	77,823	216,560
Payroll taxes	5,562	3,353	8,915	3,683	2,970	15,568
Professional services	5,169	-0-	5,169	14,970	2,938	23,077
Consulting	27,451	-0-	27,451	-0-	-0-	27,451
Occupancy	9,373	-0-	9,373	6,604	5,326	21,303
In-kind expense	4,372	-0-	4,372	971	4,371	9,714
Insurance	1,454	-0-	1,454	2,182	-0-	3,636
Association fees	4,115	-0-	4,115	2,287	2,744	9,146
Dues and subscriptions	10,064	-0-	10,064	368	1,657	12,089
Campaign supplies	-0-	-0-	-0-	-0-	3,589	3,589
Employee benefits	6,166	3,891	10,057	4,345	3,504	17,906
Special events & marketing	22,609	7,111	29,720	-0-	1,160	30,880
Repairs and maintenance	514	-0-	514	514	530	1,558
Telephone	1,056	-0-	1,056	906	1,057	3,019
Supplies	592	6,190	6,782	198	527	7,507
Postage	1,102	-0-	1,102	367	980	2,449
Transportation	3,481	1,618	5,099	1,978	2,452	9,529
Miscellaneous	4,555	-0-	4,555	1,914	950	7,419
Depreciation	-0-	-0-	-0-	1,816	-0-	1,816
	<u>\$ 656,220</u>	<u>\$ 69,177</u>	<u>\$ 725,397</u>	<u>\$ 84,968</u>	<u>\$ 112,578</u>	<u>\$ 922,943</u>

See accompanying notes to financial statements.

JACKSON COUNTY UNITED WAY, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
	<u> </u>	<u> </u>
Operating activities		
Change in net assets	\$ (19,930)	\$ 206,369
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	1,732	1,816
Provision for uncollectible accounts	45,000	15,737
Interest earned on certificates of deposit	(2,386)	(770)
Investment income earned on board designated investments	(3,640)	686
Changes in assets and liabilities:		
Pledges receivable	51,270	(144,983)
Grant receivable	(10,742)	(20,722)
Prepaid expenses	3,996	(4,444)
Accounts payable	10,873	694
Designations payable	(5,236)	(4,187)
Agency liability	-0-	(69)
Deferred revenue	(55,358)	312
Net cash flows from operating activities	<u>15,579</u>	<u>50,439</u>
Investing activities		
Purchase of certificates of deposit	(40,000)	(35,283)
Maturities of certificates of deposit	41,640	35,283
Distributions received from board designated investments	<u>895</u>	<u>950</u>
Net cash flows from investing activities	<u>2,535</u>	<u>950</u>
Net change in cash	18,114	51,389
Cash, beginning of year	<u>692,830</u>	<u>641,441</u>
Cash, end of year	<u>\$ 710,944</u>	<u>\$ 692,830</u>

See accompanying notes to financial statements.

JACKSON COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Jackson County United Way, Inc. (the "Organization") was formed in 1962 to continually assess the needs of the people of Jackson County and improve their quality of life by raising and allocating funds for human care and developmental programs. Substantially all support is received from various individuals and businesses in Jackson County and surrounding areas.

Covering Kids and Families is a program ran by the Organization and funded by Covering Kids & Families of Indiana, Inc. to assist community members in obtaining health insurance coverage at a price the member can afford as well as help the member understand how to use health insurance and how to keep health coverage.

Management's Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported support, revenues and expenses. Actual results could vary from the estimates that were used.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis, and have been prepared with a focus on the entity as a whole. Net assets, support, revenues, gains, and losses are classified based on the existence or absence of donor restrictions. Accordingly, the net assets of the Organization are classified and reported as follows:

Net assets without donor restrictions: Net assets that are currently available for operating purposes under the direction of the board of directors (Board) or designated by the Board for specific use.

Net assets with donor restrictions: Net assets subject to donor stipulations for specific purposes or time restrictions.

Certificates of Deposit

Certificates of deposit consist of multiple certificates from various financial institutions with maturity dates from May 2020 to October 2023 and interest rates ranging from 0.10 percent to 1.75 percent. Certificates of deposit are valued at the original cost plus accrued interest.

JACKSON COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

Board Designated Investments

The Board has designated certain amounts for future expenditures and investment in operations and placed it in a custodial fund with the Community Foundation of Jackson County, Inc.

These investments are measured at fair value in the Statements of Financial Position. Investment income or loss, including realized and unrealized gains and losses on investments, interest, and dividends is included in investment return in the Statements of Activities. The funds are invested in accordance with the Community Foundation of Jackson County, Inc.'s investment policy.

Pledges Receivable

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Pledges and contributions received and committed for subsequent years from the annual fund drive held late in the calendar year are recorded as net assets with donor restrictions due to time restriction. These amounts are reflected as net assets released from restrictions during the program year for which the funds were designated.

The Organization uses the allowance method to determine the uncollectible unconditional pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Receivables are considered uncollectible if (1) over two years outstanding or (2) management has reasons to believe specified amounts will not be collected, usually based on confirmation from donors.

Office Furniture and Equipment

Office furniture and equipment, including expenditures that substantially increase the useful lives of existing assets, are recorded at cost except for donations, which are recorded at fair value at the date of the donation. Costs of ordinary maintenance and repairs are expensed as incurred.

Office furniture and equipment of the Organization are being depreciated over their estimated useful lives ranging from three to five years using the straight-line method.

Agency Liability

The Organization serves as fiscal agent of funds for certain organizations. The amounts are reported as an agency liability in the Statements of Financial Position.

Deferred Revenue

Deferred revenue presents funds received in advance of the period in which the related services will be provided.

JACKSON COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

Effective January 1, 2019, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU require that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. In accordance with ASU 2018-08, the Organization has adopted the requirements using the modified prospective approach, which applies to the portion of agreements at the effective date that had not previously been recognized and any new agreements after the effective date. Since the grants previously recognized as deferred revenue do not contain a barrier to overcome, the remaining unrecognized portion of these grants of \$55,358 as of December 31, 2018, is recognized in 2019 as contributions with donor restrictions.

Support, Revenues and Expense Recognition

Contributions are recognized as support in the period the promise is made.

Support and revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

All other revenues are recorded when earned.

In-Kind Contributions

In addition to receiving cash contributions, the Organization receives in-kind contributions of services from various donors. It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase contribution revenue by a like amount. Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. For the years ended December 31, 2019 and 2018, revenue recognized as in-kind contributions and contributed services totaled \$3,052 and \$9,714, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the Statements of Activities and Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

JACKSON COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

The financial statements report expenses that are attributed to more than one program or supporting function. Those expenses include salaries, payroll taxes, employee benefits, insurance, occupancy and supplies. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses are allocated on the basis of time, effort and usage. While the methods of allocation are considered appropriate, other methods could produce different results.

Income Taxes

The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal taxes on related income pursuant to Section 501(a) of the Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2019 and 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

As such, the Organization is generally exempt from income taxes. However, the Organization is required to file Federal Form 990 – Return of Organization Exempt from Income Tax which is an informational return only.

Reclassifications

Certain prior year amounts have been classified to conform to the current method of presentation.

Subsequent Events

The Organization has evaluated events or transactions occurring subsequent to the Statement of Financial Position date for recognition and disclosure in the accompanying financial statements through the date the financial statements are available to be issued, which is August 18, 2020.

On March 11, 2020, the World Health Organization declared Coronavirus (COVID-19) a pandemic. The continued spread of COVID-19, or any similar outbreaks in the future, may adversely impact the local, regional, national and global economies. The extent to which COVID-19 impacts the Organization's operating results is dependent on the breadth and duration of the pandemic and could be affected by other factors management is not currently able to predict. Potential impacts include, but are not limited to, additional costs for responding to COVID-19,

JACKSON COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

increased demand for services and delays, loss of, or reduction to, revenue, contributions and funding. Management believes the Organization is taking appropriate actions to respond to the pandemic, however, the full impact is unknown and cannot be reasonably estimated at the date the financial statements were available to be issued.

2. RESTATEMENT

The Organization has restated its financial statements to correct the classification of pass-through designations to be reflected within the proper gross campaign results. This correction decreased net assets without donor restrictions and increased net assets with restrictions by \$109,862 as of January 1, 2018, but had no effect on the total change in net assets. The changes reflected in the financial statements as of and for the year ended December 31, 2018 are as follows:

	2018		2018
	as Previously Reported	Adjustment	As Restated
Statement of Position:			
Net assets, without donor restrictions, undesignated	\$ 417,788	\$ (101,075)	\$ 316,713
Net assets, without donor restrictions	576,538	(101,075)	475,463
Net assets, restricted due to time restrictions	581,241	101,075	682,316
Net assets with donor restrictions	607,643	101,075	708,718
Statement of Activities:			
Gross campaign results, without donor restrictions	377,535	(101,075)	276,460
Gross campaign results, with donor restrictions	639,217	101,075	740,292
Net campaign results, without donor restrictions	398,385	(101,075)	297,310
Net campaign results, with donor restrictions	581,241	101,075	682,316
Net assets released from restrictions	434,836	109,862	544,698
Total support and revenues, without donor restrictions	975,020	8,787	983,807
Total support and revenues, with donor restrictions	154,292	(8,787)	145,505
Change in net assets, without donor restrictions	52,077	8,787	60,864
Change in net assets, with donor restrictions	154,292	(8,787)	145,505

3. BOARD DESIGNATED INVESTMENTS

The Organization has transferred assets to the Community Foundation of Jackson County, Inc. and retained a beneficial interest in those assets. The Organization is to receive a grant annually based upon the Community Foundation of Jackson County, Inc.'s spending policy. The Organization has granted variance power to the community foundation to carry out the purpose of the designated endowment created by the initial transfer.

JACKSON COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

Effective January 1, 2019, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement. The amendments in this ASU removed and modified certain disclosure requirements in Topic 820. As such, the fair value measurement disclosures have been updated for these changes.

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 the Organization 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 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 asset or liability has a specified (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'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 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 changes in the methodologies used at December 31, 2019 and 2018.

- *Board designated investments:* Valued at fair value as reported by the Community Foundation of Jackson County (the "Foundation"), which represents the Organization's pro-rata interest in the Foundation's investment pool, substantially all of which are valued on a mark-to-market basis.

The fair value of these assets is measured on a recurring basis using significant unobservable inputs (Level 3) and included in the Statements of Financial Position at \$23,415 and \$20,670 at December 31, 2019 and 2018, respectively. The Organization's policy is to recognize transfers, if any, between levels as of the actual date of the event or change in circumstances. There were no transfers during 2019 or 2018.

JACKSON COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

The progression of this endowment fund is as follows:

	<u>2019</u>	<u>2018</u>
Beginning balance	\$ 20,670	\$ 22,306
Investment return, net	4,014	(318)
Grant payments	(895)	(950)
Administrative fees	<u>(374)</u>	<u>(368)</u>
	<u>\$ 23,415</u>	<u>\$ 20,670</u>

4. PLEDGES RECEIVABLE, NET

An analysis of pledges receivable at December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
2017 Campaign due during the year ended December 31, 2018	\$ -0-	106,087
2018 Campaign due during the year ended December 31, 2019	116,949	408,163
2019 Campaign due during the year ended December 31, 2020	<u>319,600</u>	<u>-0-</u>
Totals	436,549	514,250
Less allowance for uncollectible pledges	<u>90,539</u>	<u>71,970</u>
	<u>\$ 346,010</u>	<u>\$ 442,280</u>

The campaign conducted during the fall of 2018 with pledges due in 2019 is referred to as the 2018 campaign, and the campaign conducted during the fall of 2019 with pledges due in 2020 is referred to as the 2019 campaign.

JACKSON COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

5. OFFICE FURNITURE AND EQUIPMENT

A summary of office furniture and equipment at December 31, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Office furniture and equipment	\$ 31,847	\$ 38,507
Less accumulated depreciation	<u>28,506</u>	<u>33,434</u>
	<u>\$ 3,341</u>	<u>\$ 5,073</u>

6. DESIGNATIONS PAYABLE

Designations payable as of December 31, 2019 and 2018 were \$17,978 and \$23,214, respectively. These amounts consist of donor designations payable to multiple not-for-profit agencies both within and outside of Jackson County to assist them in their operations and cause. The total amount recorded as payable as of December 31, 2019 is expected to be paid in 2020 and 2021.

7. NET ASSETS WITH DONOR RESTRICTIONS AND NET ASSETS RELEASED FROM RESTRICTIONS

Net assets with donor restrictions at December 31, 2019 and 2018 are available to the following purposes:

	<u>2019</u>	<u>2018</u>
Restricted to future time period	\$ 583,759	\$ 682,316
Restricted for the following purposes:		
Rock 'n Ready	21,752	18,515
Day of Caring	11,269	7,887
Financial Stability	12,462	-0-
Seeking Hope Community Prevention & Recovery	<u>7,987</u>	<u>-0-</u>
	<u>53,470</u>	<u>26,402</u>
	<u>\$ 637,229</u>	<u>\$ 708,718</u>

JACKSON COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

Net assets released from restrictions consist of the following during the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Released from time restrictions	\$ 682,316	\$ 543,696
Restricted from the following purposes:		
Rock 'n Ready	12,652	1,002
Day of Caring	2,558	-0-
Capacity Building	27,858	-0-
Financial Stability	10,207	-0-
Seeking Hope Community Prevention & Recovery	<u>13</u>	<u>-0-</u>
	<u>\$ 735,604</u>	<u>\$ 544,698</u>

8. BOARD DESIGNATED RESERVE

The Organization maintains a reserve in an amount equal to at least three months average operating costs (defined as the Organization's funding and partner distributions as determined by the forthcoming year's budget) with a desired target balance of six months average operating costs.

9. OPERATING LEASES

The Organization leases office space under a lease agreement through September 2020. Monthly payments include rent and utilities and total \$26,496 and \$21,303 for the years ended December 31, 2019 and 2018, respectively.

The future minimum lease payments at December 31, 2019 are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 16,357

10. RELATED PARTY TRANSACTIONS

The Organization received \$25,439 and \$32,175 in contributions from members of the Organization's board of directors and employees during the years ended December 31, 2019 and 2018, respectively.

JACKSON COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

11. LIQUIDITY AND AVAILABILITY

As a fundraising entity, the Organization receives significant contributions each year from donors, which are available to meet annual cash needs for general expenditures. Allocations to agencies are paid monthly over a 15-month period. During that same 15-month period, additional contributions are received from donors.

Financial assets available for general expenditures within one year of the Statement of Financial Position date comprise the following:

	<u>2019</u>	<u>2018</u>
Cash	\$ 710,944	\$ 692,830
Certificates of deposit maturing within one year	35,318	41,640
Pledges receivable, net	346,010	442,280
Grant receivable	<u>31,464</u>	<u>20,722</u>
	1,123,736	1,197,472
Less restricted for specified purpose	<u>(53,470)</u>	<u>(26,402)</u>
Total financial assets available	<u>\$ 1,070,266</u>	<u>\$ 1,171,070</u>

The pledges receivable are subject to implied time restrictions but are expected to be collected within one year. None of the financial assets above are subject to donor or other contractual restrictions that make them unavailable.

The Organization maintains a reserve which represents 3-months of average operating costs. At December 31, 2019, the reserve balance included in the financial assets above is \$158,750.

12. CONCENTRATIONS

The Organization is exposed to concentrations of credit risk for pledge amounts due to the vast majority of donors residing in Jackson County, Indiana. Although the Organization is directly affected by the well-being of the economy of Jackson County, management does not believe significant credit risk exists at December 31, 2019.

The Organization maintains its cash and certificates of deposit in bank deposit accounts insured by the Federal Deposit Insurance Corporation at its current coverage levels. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and certificates of deposit.

JACKSON COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

13. RECENTLY ISSUED ACCOUNTING STANDARDS

On February 25, 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). This new standard, which the Organization is not required to adopt until its year ending December 31, 2021, is intended to improve financial reporting about leasing transactions by requiring entities that lease assets to recognize on their consolidated statements of financial position the assets and liabilities for the rights and obligations created by those leases, and to provide additional disclosures regarding the leases. Leases with terms (as defined in the ASU) of twelve months or less are not required to be reflected on an entity's consolidated statements of financial position.

The Organization is presently evaluating the effects that this ASU will have on its future financial statements, including related disclosures.

SUPPLEMENTARY INFORMATION

JACKSON COUNTY UNITED WAY, INC.

SCHEDULES OF ALLOCATIONS TO AGENCIES
YEARS ENDED DECEMBER 31, 2019 AND 2018

Agency	2019			2018		
	Allocation	Program	Total	Allocation	Program	Total
American Red Cross	\$ 28,972	\$ 27,099	\$ 56,071	\$ 36,873	\$ 18,268	\$ 55,141
Hoosier Trails Boy Scouts	8,534	4,960	13,494	10,862	3,719	14,581
Kentuckiana Girl Scouts	9,808	3,400	13,208	12,483	3,143	15,626
Mental Health America	5,162	2,900	8,062	6,570	1,998	8,568
Jackson County ARC	5,630	2,300	7,930	7,165	2,524	9,689
Salvation Army	2,441	2,750	5,191	3,107	1,300	4,407
Boys & Girls Club	66,046	23,797	89,843	71,814	19,896	91,710
Girls, Inc.	69,953	50,449	120,402	89,031	35,681	124,712
Meals on Wheels	1,200	-0-	1,200	1,080	120	1,200
Brownstown Senior Citizens	3,500	-0-	3,500	3,150	350	3,500
Medora Senior Citizens	1,700	-0-	1,700	1,530	170	1,700
Big Brothers Big Sisters	28,493	17,632	46,125	36,264	13,868	50,132
Crothersville Senior Citizens	3,500	-0-	3,500	3,150	350	3,500
Human Services	2,965	23,500	26,465	3,773	11,058	14,831
Turning Point	14,122	19,890	34,012	17,973	11,690	29,663
Read Jackson County	12,067	4,139	16,206	15,357	3,625	18,982
Seymour Senior Citizens	2,700	-0-	2,700	2,430	270	2,700
Child Care Network	8,328	15,000	23,328	10,599	7,514	18,113
Anchor House	13,620	16,800	30,420	17,334	11,338	28,672
Freetown Senior Citizens	1,300	-0-	1,300	1,170	130	1,300
	<u>\$ 290,041</u>	<u>\$ 214,616</u>	<u>\$ 504,657</u>	<u>\$ 351,715</u>	<u>\$ 147,012</u>	<u>\$ 498,727</u>