

BUTLER COUNTY UNITED WAY
FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	3-4
FINANCIAL STATEMENTS:	
Statements of Financial Position5
Statements of Activities and Changes in Net Assets.....	6-7
Statements of Functional Expense.....	8-9
Statements of Cash Flows.....	10
NOTES TO FINANCIAL STATEMENTS.....	11-18



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Butler County United Way
Butler County

Opinion

We have audited the accompanying financial statements of the **Butler County United Way** (the Organization) (a nonprofit organization), which comprise the balance sheet as of June 30, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 the Organization as of June 30, 2024, and the results of its operations and its cash flows for the year 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 the Organization 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.

Prior Period Financial Statements

The financial statements of the Organization as of June 30, 2023 were audited by a predecessor auditor whose report dated October 30, 2023 expressed an unmodified opinion on those statements.

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 the Organization'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 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 the Organization'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 the Organization'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.



Certified Public Accountants

December 6, 2024
Columbus, Ohio

BUTLER COUNTY UNITED WAY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
ASSETS:-		
Current assets		
Cash and cash equivalents	\$ 401,416	\$ 453,427
Certificates of Deposit	225,837	216,102
Pledges receivable, net of allowance for uncollectible accounts	878,619	578,590
Total current assets	1,505,872	1,248,119
Property and equipment, net	0	3,096
Noncurrent assets		
Investments, at fair value	993,832	604,412
Beneficial interest in assets held by others	907,759	846,747
Total noncurrent assets	1,901,591	1,451,159
Total assets	\$ 3,407,463	\$ 2,702,374
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:-		
Current liabilities		
Accounts payable	\$ 12,675	\$ 15,482
Allocations and designations payable	1,136,122	1,004,858
Designations payable to other United Way organizations	62,844	89,729
Accrued expenses	1,044	0
Total current liabilities	1,212,685	1,110,069
Total liabilities	1,212,685	1,110,069
NET ASSETS:-		
Board designated - required operating reserve	225,837	216,102
Undesignated	849,323	586,770
Total without donor restrictions	1,075,160	802,872
With donor restrictions	1,119,618	789,433
Total net assets	2,194,778	1,592,305
Total liabilities and net assets	\$ 3,407,463	\$ 2,702,374

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

BUTLER COUNTY UNITED WAY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2024

	2024		
	Without donor restriction	With donor restriction	Total
PUBLIC SUPPORT:-			
Gross current year campaign revenue	\$ 1,334,387	\$ 20,000	\$ 1,354,387
Contributions	168,293	0	168,293
Less provision for uncollectible pledges	(50,000)	0	(50,000)
Net current year campaign revenue	<u>1,452,680</u>	<u>20,000</u>	<u>1,472,680</u>
Net prior year campaign revenue	<u>39,404</u>	<u>0</u>	<u>39,404</u>
Total public support	1,492,084	20,000	1,512,084
OTHER REVENUE:-			
Net realized and unrealized gain on investments	73,033	368,972	442,005
Change in fair value of beneficial interest in assets held by others	61,012	0	61,012
Dolly Parton's Imagination Library of Ohio grant			
Other revenue	175	0	175
Special events, net	38,032		38,032
Contributed nonfinancial assets	56,739	0	56,739
Net assets released from restriction	<u>58,787</u>	<u>(58,787)</u>	<u>0</u>
Total other revenue	<u>287,778</u>	<u>310,185</u>	<u>597,963</u>
Total public support and other revenue	1,779,862	330,185	2,110,047
EXPENSES:-			
Functional Expenses:-			
Program services	1,127,401	0	1,127,401
Management and general	135,149	0	135,149
Fundraising and resource development	<u>245,024</u>	<u>0</u>	<u>245,024</u>
Total expenses	<u>1,507,574</u>	<u>0</u>	<u>1,507,574</u>
Change in net assets	272,288	330,185	602,473
Net assets at beginning of year	<u>802,872</u>	<u>789,433</u>	<u>1,592,305</u>
Net assets at end of year	<u><u>\$ 1,075,160</u></u>	<u><u>\$ 1,119,618</u></u>	<u><u>\$ 2,194,778</u></u>

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

BUTLER COUNTY UNITED WAY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023

	2023		
	Without donor restriction	With donor restriction	Total
PUBLIC SUPPORT:-			
Gross current year campaign revenue	\$ 1,463,298	\$ 9,600	\$ 1,472,898
Less donor designations	(198,141)	0	(198,141)
Less provision for uncollectible pledges	(50,000)	0	(50,000)
Net campaign revenue	<u>1,215,157</u>	<u>9,600</u>	<u>1,224,757</u>
OTHER REVENUE:-			
Net realized and unrealized gain on investments	63,588	0	63,588
Change in fair value of beneficial interest in assets held by others	9,340	24,339	33,679
Dolly Parton's Imagination Library of Ohio grant	0	86,022	86,022
Other revenue	13,481	0	13,481
Special events, net	32,768	0	32,768
Contributed nonfinancial assets	74,896	0	74,896
Net assets released from restriction	<u>122,548</u>	<u>(122,548)</u>	<u>0</u>
Total other revenue	<u>316,621</u>	<u>(12,187)</u>	<u>304,434</u>
Total public support and other revenue	1,531,778	(2,587)	1,529,191
EXPENSES:-			
Functional Expenses:-			
Program services	1,107,138	0	1,107,138
Management and general	106,571	0	106,571
Fundraising and resource development	<u>237,641</u>	<u>0</u>	<u>237,641</u>
Total expenses	<u>1,451,350</u>	<u>0</u>	<u>1,451,350</u>
Change in net assets	80,428	(2,587)	77,841
Net assets at beginning of year	<u>722,444</u>	<u>792,020</u>	<u>1,514,464</u>
Net assets at end of year	<u><u>\$ 802,872</u></u>	<u><u>\$ 789,433</u></u>	<u><u>\$ 1,592,305</u></u>

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

BUTLER COUNTY UNITED WAY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

2024				
	Program Services	Management and General	Fundraising and Resource Development	Total
Salaries	\$ 150,077	\$ 30,898	\$ 151,647	\$ 332,622
Payroll taxes	13,578	2,005	9,796	25,379
Employee benefits	40,447	5,972	29,182	75,601
Total salaries and related benefits	204,102	38,875	190,625	433,602
Allocations to agencies	836,208	0	0	836,208
Occupancy	9,772	42,543	7,147	59,462
Information Technology	24,317	3,591	17,545	45,453
Professional/consultant fees	22,172	3,550	15,998	41,720
Bank fees	0	20,608	0	20,608
United Way Worldwide dues	0	10,931	0	10,931
Insurance	5,798	652	4,087	10,537
Telephone	3,073	4,565	1,748	9,386
Miscellaneous	7,134	1,050	1,050	9,234
Marketing/campaign expense	4,416	651	1,213	6,280
Supplies	2,398	354	1,730	4,482
Conferences and trainig	2,230	0	2,128	4,358
Travel expense	1,719	1,473	408	3,600
Depreciation	0	3,096	0	3,096
Volunteer and staff expenses	2,007	295	295	2,597
Postage and shipping	1,161	171	837	2,169
Membership dues	0	1,978	0	1,978
Meals and entertainment	894	766	213	1,873
Total expenses	\$ 1,127,401	\$ 135,149	\$ 245,024	\$ 1,507,574

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

BUTLER COUNTY UNITED WAY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	2023			
	Program Services	Management and General	Fundraising and Resource Development	Total
Salaries	\$ 133,471	\$ 29,056	\$ 138,557	\$ 301,084
Payroll taxes	10,285	2,310	10,656	23,251
Employee benefits	30,362	4,608	21,551	56,521
Total salaries and related benefits	174,118	35,974	170,764	380,856
Allocations to agencies	675,000	0	0	675,000
Dolly Parton's Imagination Library of Ohio grant	128,981	0	0	128,981
Occupancy	14,471	25,068	10,771	50,310
Repairs and maintenance	22,156	3,508	16,010	41,674
Professional/consultant fees	15,573	3,248	11,550	30,371
Membership dues	1,272	20,820	879	22,971
Marketing/campaign expense	8,611	1,208	6,415	16,234
Telephone	3,285	4,513	1,808	9,606
Bank fees	1,766	3,855	0	5,621
Depreciation	1,552	529	1,446	3,527
Supplies	1,698	427	1,313	3,438
Travel expense	1,551	1,388	74	3,013
Postage and shipping	1,263	187	911	2,361
Awards/incentives	239	1,525	127	1,891
Conference and meeting	306	41	253	600
Total expenses	\$ 1,107,138	\$ 106,571	\$ 237,641	\$ 1,451,350

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

BUTLER COUNTY UNITED WAY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:-		
Change in net assets	\$ 602,473	\$ 77,841
Adjustments to reconcile the change in net assets to net cash used by operating activities:		
Depreciation	3,096	3,527
Net realized and unrealized gains on investment	(442,005)	(46,626)
Change in fair value of beneficial interest in assets held by others	(61,012)	(33,679)
Changes in assets and liabilities		
Pledges receivable	(300,029)	(56,578)
Accounts payable	(2,807)	295
Allocations and designations payable	131,264	16,032
Designations payable to other United Way organizations	(26,885)	8,805
Due to others - fiscal agent	0	(27,500)
Net cash used in operating activities	(95,905)	(57,883)
CASH FLOWS FROM INVESTING ACTIVITIES:-		
Purchase of investment securities	(111,001)	(60,583)
Proceeds from sales of investments	145,160	18,656
Proceeds from beneficial interest	9,735	7,339
Net cash provided by investing activities	43,894	(34,588)
Net change in cash and cash equivalents	(52,011)	(92,471)
Cash and cash equivalents - beginning of year	453,427	545,898
Cash and cash equivalents - end of year	\$ 401,416	\$ 453,427
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:-		
Cash paid for:		
Interest	\$ 0	\$ 0
Income taxes	\$ 0	\$ 0

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

BUTLER COUNTY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization and Operations – Butler County United Way (the Organization or the United Way) is a non-profit organization that generates resources from the Butler County community for the purpose of helping all individuals and families achieve their potential through education, income stability and healthy lives. The Organization, whose mission is to unite the Butler County community and maximize resources to build a stronger Butler County, is a member in good standing with United Way Worldwide and is governed by a local volunteer board of trustees.

The Organization leverages resources from multiple sources. Three distinct types of resources are leveraged. They are in the form of money, volunteer time/in-kind donations and people’s voice – advocacy. Resources are garnered primarily from local corporations, foundations, government entities, employees, community citizens, and special events. These secured resources are invested in local community needs through a network of providers. The selected network of providers delivers outcome-based services that are aligned with the United Way purpose. United Way’s business is to connect and mobilize resources to improve lives.

Basis of Presentation - The Organization has adopted the Accounting Standards Codification (ASC) No. 958-205-45 and ASU 2016-02, Financial Statements of Not-for-Profit Organizations. Under ASC No. 958-205-45 and ASU 2016-02, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: with donor restriction and without donor restriction. In addition, the Organization is required to present a statement of cash flows and a statement of functional expenses:

Net Assets Without Donor Restrictions - Net assets are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that: a) restrict their use to a specific purpose which will be satisfied by actions of the Organization or the passage of time; or b) require that they be maintained in perpetuity by the Organization; generally, the donor of these assets permit the Organization to use all or part of the income earned, including capital appreciation, or related investments for purposes with or without donor restrictions.

Contributions - The Organization recognizes contributions received and contributions made in accordance with ASC No. 958-605-25, Accounting for Contributions Received and Contributions Made. Under ASC No. 958-605-25, a contribution received by the Organization is recognized when the donor makes an unconditional promise to give to the Organization. Conditional promises to give are not recognized by the Organization as contributions received until the conditions have been met. Contributions received are recorded as with or without donor restriction support depending on the existence and nature of any donor-imposed restrictions. Contributions received with donor-imposed restrictions that are met in the same reporting period are reported as unrestricted contributions.

Designated Contributions - The Organization recognizes donor designated contributions in accordance with ASC No. 958-605-25-24, Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others. When a donor specifically designates a participating agency to receive his or her campaign contribution, the Organization excludes the designated pledge from campaign revenue. The Organization is considered an agent for the designated beneficiary and, as such, records cash or a receivable from the donor and a liability to the designated beneficiary.

Allocations and Designations Payable – Allocations to supported member agencies’ programs and services are approved and disbursed in the following fiscal year. Allocations made by the Organization are recognized as expense in the period the commitment is made. As of June 30, 2024 and 2023, the allocations and designations payable were \$1,136,122 and \$1,004,858, respectively.

Designations Payable to Other United Way Organizations – Funds received or receivable that must be distributed to other United Way agencies are classified as an asset and a corresponding liability in the accompanying statements of financial position. Since the Organization acts as the custodial agent of these funds, no amounts are recognized in net campaign revenue in the accompanying statements of activities. As of June 30, 2024 and 2023 the Organization owed \$62,844 and \$89,729, respectively, to other United Way agencies.

BUTLER COUNTY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Revenue Recognition Significant Accounting Policies under ASC 606 - The Organization's primary sources of revenue are contributions (pledges), which fall outside the scope of ASC 606.

Other Revenue Recognition Policies (outside of ASC 606)

- (a) Contributions (pledges) are recorded as with donor restriction or without donor restriction, depending on the existence and nature of any donor-imposed restrictions at the time an unconditional promise to give is received. It is the policy of the Organization to report contributions received that have donor-imposed restrictions as without donor restriction support when the restrictions are met within the same reporting period in which the contributions are received. All contributions are considered to be available for without donor-restricted use unless specifically restricted by the donor. Pledges for contributions are recorded as income when the signed pledge is received. These contributions are considered nonreciprocal (contribution) transactions under accounting guidance ASU 2018-08.

Pledges Receivables - Pledges are promises to give from various donors that are considered unconditional promises to give. Pledges receivable primarily consist of pledges made during annual giving campaign appeals and are presented net of the allowance for doubtful accounts. Pledges receivables are considered past due when the pledge payment period has passed. Pledges are reported as a receivable for two years or until paid or written off.

Allowance for Doubtful Accounts - The United Way uses the allowance method to estimate uncollectible receivables. The allowances are based on prior experience and management analysis of specific receivables and promises to give. Once the likelihood of collecting the receivable is determined to be remote, management writes off the specific account balance and relieves any related allowance. If collections are made in excess of this allowance, the funds are available to be allocated to the member agencies during the next campaign.

Due to the current economic climate, the Organization adjusted the allowance on current pledges to over 20%. Any unpaid pledge greater than 12 months is considered uncollectible and is written off to the allowance for uncollectible receivables.

Cash and Cash Equivalents - For purposes of the statement of cash flows, cash and cash equivalents include cash on hand and on deposit and all highly liquid instruments, such as certificates of deposit, purchased with maturity of three months or less. The accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. Therefore, from time to time, the Organization may have accounts in excess of insured limits.

Property and Equipment - Additions and improvements to property and equipment over \$1,000 and with a useful life of more than two years are recorded at cost when purchased and at fair value when donated to the Organization. Depreciation is computed using the straight-line method over their estimated useful lives, which is a range of 3 to 20 years.

Federal Income Taxes - The Organization has been determined, by the Internal Revenue Service, as exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation and, as a result, a provision for taxes is not required. The Organization records interest and penalties, if any, in interest expense and other expense, respectively, in operating expenses. During the years ended June 30, 2024 and 2023, respectively, the Organization did not have any interest or penalties related to taxes. Management believes there are no uncertain tax positions taken as of June 30, 2024 and 2023, respectively.

Use of Estimates - The financial statements of the Organization are presented in conformity with accounting principles generally accepted in the United States of America. This presentation requires the use of estimates and assumptions made by management that affect certain amounts and assumptions. Accordingly, actual results could differ from those estimates.

BUTLER COUNTY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Donated Services - In-kind contributions of materials and property equipment are recorded as contributions at the estimated fair value on the date of receipt. Contributions of services that enhance the non-financial assets or require specialized skills, and are provided by individuals possessing those skills, are recorded as contributions at the estimated fair value of the service received. United Way makes extensive use of volunteers in conducting its campaign and various program activities. Such services are not reflected in the financial statement, as those services do not meet this definition.

Liquidity and Availability - The Organization regularly monitors the availability of resources required to meet its operating needs and other commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities as well as the conduct of services to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Refer to the statement of cash flows which identifies the sources and uses of the Organization's cash.

The Organization is substantially supported by contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year.

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

	2024	2023
Cash and cash equivalents	\$ 401,416	\$ 453,427
Pledges receivable, net	878,619	578,590
Investments, at fair value	993,832	604,412
Beneficial interest in assets held by others	907,759	846,747
Board designated investments	225,837	216,102
Total financial assets	3,407,463	2,699,278
Less those unavailable for general expenditures within one year due to		
Allocations	(1,136,122)	(1,004,858)
Designations to other United Ways	(62,844)	(89,729)
Restricted by donor with time or purpose restrictions	(1,119,618)	(789,433)
Less board designations		
Required operating reserve	(225,837)	(216,102)
	\$ 863,042	\$ 599,156

BUTLER COUNTY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Functional Allocation - The costs of providing the program and various management and general activities have been summarized on a functional basis in the statement of functional expenses. Certain categories or expenses are attributed to Fundraising, Program Services, and Management and General expenses. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated are allocated on the basis of estimated time and effort. Accordingly, certain estimates have been made to allocate costs among the program and supporting activities.

Advertising - The Organization expenses advertising costs as they are incurred. Advertising expense totaled \$6,280 and \$16,234 for the years ended June 30, 2024 and 2023, respectively.

Leases - The Organization determines if an arrangement is a lease at inception. Right of Use (ROU) assets represent the Association's right to use an underlying asset for the lease term and lease liabilities represent the Association's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the commencement date based on the present value of the lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Association will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Association has elected to recognize payments for short term leases with a lease term of 12 months or less as an expense as incurred and these leases are not included as lease liabilities or right of use assets on the accompanying statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use the average borrowing rate when computing the present value of the lease liabilities.

Recent Accounting Pronouncements - In February 2016, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update (ASU) No. 2016-02. Leases (*Topic 842*), which amends existing accounting standards for lease accounting, including by requiring lessees to recognize most leases on the balance sheet and making certain changes to lessor accounting. The new standard is effective for non-public entities for fiscal years beginning after December 15, 2021 and for interim periods therein with early adoption permitted.

The Organization adopted the requirements of the guidance effective January 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption. The Association has elected to adopt the package of practical expedients available in the year of adoption. The Association has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Association's ROU assets.

NOTE 2 - CERTIFICATES OF DEPOSIT

During years ended 2024 and 2023, respectively, the Organization held one certificate of deposit with an annual interest rate of 4.5%. This certificate of deposit is scheduled to mature in September 2024.

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENT

ASC 820, *Fair Value Measurement*, establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

BUTLER COUNTY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

The following is a description of the techniques and inputs used for each major class of assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023, respectively.

Common stock: Valued at the closing price posted on the active market on which the individual securities are traded.

Money market funds, cash and equivalents: Values based on amortized cost which equates to fair value.

Mutual Funds: Valued at the published net asset value of shares held at year-end.

Assets held by community foundations: Values provided by community foundations based upon market value of underlying assets.

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

The following table sets forth the Organization's investment assets at fair value as of June 30, 2024 and 2023, respectively, by level, within the fair value hierarchy:

	Assets at fair value as of June 30, 2024			
	Level 1	Level 2	Level 3	Total
Investments				
Common stock	\$ 652,571	\$ 0	\$ 0	\$ 652,571
Money market funds, cash and cash equivalents	87,389	0	0	87,389
Mutual funds				
Fixed income	202,882	0	0	202,882
Alternative investments	50,990	0	0	50,990
	<u>\$ 993,832</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 993,832</u>
Beneficial interest in assets held by community foundations	<u>\$ 0</u>	<u>\$ 907,759</u>	<u>\$ 0</u>	<u>\$ 907,759</u>
	Assets at fair value as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Investments				
Common stock	\$ 412,145	\$ 0	\$ 0	\$ 412,145
Money market funds, cash and cash equivalents	48,820	0	0	48,820
Mutual funds				
Fixed income	109,392	0	0	109,392
Alternative investments	34,055	0	0	34,055
	<u>\$ 604,412</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 604,412</u>
Beneficial interest in assets held by community foundations	<u>\$ 0</u>	<u>\$ 846,747</u>	<u>\$ 0</u>	<u>\$ 846,747</u>

NOTE 4 – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Organization has beneficial interests in assets held by others (Community Foundations). Depending on the relevant agreements, the interests in assets have been recognized. The Organization has also identified the related restriction of the assets and the determination of when the investment income is available for distribution. The beneficial interests in assets held by others was \$907,759 and \$846,747 as of June 30, 2024 and 2023, respectively.

BUTLER COUNTY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 5 - PLEDGES RECEIVABLE

Pledges receivables represent amounts due from donors for multiyear unconditional pledges. Pledges receivable as of June 30, 2024 and 2023, respectively, consist of the following:

	2024	2023
Gross pledges receivable	\$ 1,091,277	\$ 810,244
Less: Allowance for uncollectible pledges receivable	(212,658)	(231,654)
Total	878,619	578,590
Amounts due in:		
Less than one year	878,619	578,590
Total	\$ 878,619	\$ 578,590

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2024	2023
Equipment	\$ 7,779	\$ 127,204
Leasehold improvements	382,876	389,356
	390,655	516,560
Less: accumulated depreciation	(390,655)	(513,464)
Net property, plant and equipment	\$ 0	\$ 3,096

Depreciation expense totals \$3,096 and \$3,527, respectively, for the years ended June 30, 2024 and 2023.

BUTLER COUNTY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 7 – CONTRIBUTION OF NON-FINANCIAL ASSETS

The organization recognized the following contributions of nonfinancial assets to program and supporting services:

2024

<u>Program or supporting service</u>	<u>Donated space</u>	<u>Donated goods</u>	<u>Donated services</u>	<u>Total</u>
Community impact	\$ 20,400	\$ 12,739	\$ 0	\$ 33,139
Management and general	4,280	0	0	4,280
Resource development	15,320	0	0	15,320
Total contributed nonfinancial assets	<u>\$ 40,000</u>	<u>\$ 12,739</u>	<u>\$ 0</u>	<u>\$ 52,739</u>

2023

<u>Program or supporting service</u>	<u>Donated space</u>	<u>Donated goods</u>	<u>Donated services</u>	<u>Total</u>
Community impact	\$ 20,400	\$ 34,896	\$ 0	\$ 55,296
Management and general	4,280	0	0	4,280
Resource development	15,320	0	0	15,320
Total contributed nonfinancial assets	<u>\$ 40,000</u>	<u>\$ 34,896</u>	<u>\$ 0</u>	<u>\$ 74,896</u>

Donated Space

The contributed office space is used for both Program and Supporting services and is allocated based on upon square footage used by each program and supporting service. As identified in Note 9 – Operating Lease, the Organization entered into a lease agreement for office space for which the rental payments stated in the agreement are less than the amount that would be charged for similar space that is rented under similar terms. Using publicly available commercial real estate rental listings, the Organization has estimated the market price of the annual rental payment to be \$40,000.

The lease is expensed annually as a contributed nonfinancial asset on the statements of activities and included in the contributed nonfinancial assets on the statements of functional expenses.

Donated Goods

The Organization utilized three inventory valuation methods during the years ended June 30, 2024 and 2023, respectively. These methods include (1) current price located on a publicly available website if the items are a match for the website item when donated; (2) percentage of the price located on a publicly available website if the item donated has been used by the item located online is new; (3) the current average price located on a publicly available website for similar items if a group of items are donated and the items range in price depending on model, size, etc.

Donated Services

Contributed services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. The Organization received contributed accounting and legal services that are reported using current rates for similar services.

Many individuals volunteer their time and talent to perform a variety of tasks without which the United Way could not successfully conduct its programs. However, only services that meet the criteria for recognition under GAAP are recorded in the financial statements.

BUTLER COUNTY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 8 - NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restrictions are restricted for the following purposes or period as of June 30, 2024 and 2023, respectively, as follows:

	2024	2023
Sebald fund	\$ 322,923	\$ 50,000
Middletown community foundation funds	776,695	729,833
Time restriction - campaign revenues	20,000	9,600
Total net assets with donor restriction	\$ 1,119,618	\$ 789,433

NOTE 9 - OPERATING LEASE

The Organization leases office space from the Hamilton Community Foundation at one dollar per year. The lease is a year to year agreement that expired on March 31, 2024 and was automatically renewed with the same pre-established conditions on a month-to-month basis. See details of the breakout of this donated space in Note 7.

NOTE 10 – RETIREMENT PLAN

The Organization maintains a 403(b) retirement plan that covers substantially all employees. The Organization contributes 5% of each employee’s qualifying compensation into the plan. For the years ended June 30, 2024 and 2023, the Organization contributed \$12,505 and \$11,857, respectively.

NOTE 11 – RISKS AND UNCERTAINTIES

The Organization self-insures for state unemployment purposes. In managements judgment, no material exposure exists related to the self-insurance, and, accordingly, no provision has been made in the accompanying financial statements.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect net asset balances and the amounts reported in the statements of financial position.

NOTE 12 – CONCENTRATIONS

The Organization operated principally in the Butler County, Ohio, geographic area. The Organization’s investments are not insured and are subject to market value fluctuation. The Organization’s financial instruments that are potentially expose to concentrations of credit risk are primarily cash and pledges receivable.

The Organization’s pledges receivable are primarily pledges made by individuals, businesses and their employees and, accordingly, the collection is subject to the economic stability of the supporting businesses and on the overall economic environment of the area.

For the years ended June 30, 2024 and 2023, the Organization received approximately 54% of its support from two companies, respectively, on behalf of their employees who participate in the payroll deduction campaign and corporate contributions.

NOTE 13 - SUBSEQUENT EVENTS

The Organization evaluated subsequent events through December 6, 2024, the date which the financial statements were available to be issued.