

**Butler County United Way**  
**Financial Statements**  
**Years Ended June 30, 2023 and 2022**

**Butler County United Way  
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Years Ended June 30, 2023 and 2022**

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## **Independent Auditor's Report**

To the Board of Trustees  
Butler County United Way

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Butler County United Way (a "not-for-profit corporation"), which comprise the statements of financial position as of June 30, 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 accompanying financial statements present fairly, in all material respects, the financial position of Butler County United Way, as of June 30, 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 ("GAAS"). 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 Butler County United Way, 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.

#### ***2022 Financial Statements Restated***

As discussed in Note P to the financial statements, the 2022 financial statements have been restated to correct a misstatement. 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 Butler County United Way's ability to continue as a going concern for one year after the date that the financial statements are issued.

## Independent Auditor's Report (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 GAAS 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 GAAS, 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 Butler County United Way'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 Butler County United Way'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.

MCM CPAs & Advisors LLP

Cincinnati, Ohio  
October 30, 2023

**Butler County United Way**  
**Statements of Financial Position**  
**June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u> <u>(as restated)</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 453,427	\$ 518,398
Pledges receivable, net	<u>578,590</u>	<u>522,012</u>
Total current assets	1,032,017	1,040,410
Property and equipment, net	3,096	6,623
Noncurrent assets		
Investments, at fair value	604,412	518,723
Beneficial interest in assets held by others	846,747	820,407
Restricted cash - fiscal agent	-	27,500
Board designated investments	<u>216,102</u>	<u>213,238</u>
Total noncurrent assets	<u>1,667,261</u>	<u>1,579,868</u>
Total assets	<u>\$ 2,702,374</u>	<u>\$ 2,626,901</u>
<b>Liabilities and net assets</b>		
Current liabilities		
Accounts payable	\$ 15,482	\$ 15,187
Allocations and designations payable	1,004,858	988,826
Designations payable to other United Way organizations	<u>89,729</u>	<u>80,924</u>
Total current liabilities	1,110,069	1,084,937
Due to others - fiscal agent	<u>-</u>	<u>27,500</u>
Total long-term liabilities	-	27,500
Net assets		
Board designated - required operating reserve	216,102	213,238
Undesignated	<u>586,770</u>	<u>509,206</u>
Total without donor restrictions	802,872	722,444
With donor restrictions	<u>789,433</u>	<u>792,020</u>
Total net assets	<u>1,592,305</u>	<u>1,514,464</u>
Total liabilities and net assets	<u>\$ 2,702,374</u>	<u>\$ 2,626,901</u>

See accompanying notes.

**Butler County United Way**  
**Statement of Activities**  
**Year Ended June 30, 2023**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Public support			
Gross campaign results	\$ 1,463,298	\$ 9,600	\$ 1,472,898
Less donor designations	198,141	-	198,141
Less provision for uncollectible pledges receivable	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Net campaign revenue	1,215,157	9,600	1,224,757
Other revenue			
Net realized and unrealized gain on investments	46,626	-	46,626
Interest and dividends	16,962	-	16,962
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	-	86,022	86,022
Other revenue	13,481	-	13,481
Special events, net	32,768	-	32,768
Contributed nonfinancial assets	<u>74,896</u>	<u>-</u>	<u>74,896</u>
Total other revenue	194,073	110,361	304,434
Net assets released from restrictions	<u>122,548</u>	<u>(122,548)</u>	<u>-</u>
Total public support and other revenue	1,531,778	(2,587)	1,529,191
Expenses			
Program services	1,107,138	-	1,107,138
Supporting services			
Management and general	85,961	-	85,961
Resource development	237,641	-	237,641
United Way Worldwide (UWW) dues	<u>20,610</u>	<u>-</u>	<u>20,610</u>
Total supporting services	<u>344,212</u>	<u>-</u>	<u>344,212</u>
Total expenses	<u>1,451,350</u>	<u>-</u>	<u>1,451,350</u>
Change in net assets	80,428	(2,587)	77,841
Net assets, beginning of year	<u>722,444</u>	<u>792,020</u>	<u>1,514,464</u>
Net assets, end of year	<u>\$ 802,872</u>	<u>\$ 789,433</u>	<u>\$ 1,592,305</u>

See accompanying notes.

**Butler County United Way**  
**Statement of Activities (As Restated)**  
**Year Ended June 30, 2022**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total (as restated)</u>
Public support			
Gross campaign results	\$ 1,578,036	\$ 7,500	\$ 1,585,536
Less donor designations	260,903	-	260,903
Less provision for uncollectible pledges receivable	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Net campaign revenue	1,267,133	7,500	1,274,633
Other revenue			
Net realized and unrealized loss on investments	(56,494)	-	(56,494)
Interest and dividends	13,721	-	13,721
Change in fair value of beneficial interest in assets held by others	(19,793)	(133,236)	(153,029)
Dolly Parton's Imagination Library of Ohio grant	-	116,632	116,632
Contribution - Middletown endowment	-	846,069	846,069
Other revenue	229	-	229
Special events, net	24,060	-	24,060
Contributed nonfinancial assets	<u>79,978</u>	<u>-</u>	<u>79,978</u>
Total other revenue	41,701	829,465	871,166
Net assets released from restrictions	<u>97,459</u>	<u>(97,459)</u>	<u>-</u>
Total public support and other revenue	1,406,293	739,506	2,145,799
Expenses			
Program services	1,136,128	-	1,136,128
Supporting services			
Management and general	65,702	-	65,702
Resource development	237,662	-	237,662
UWW dues	<u>23,667</u>	<u>-</u>	<u>23,667</u>
Total supporting services	<u>327,031</u>	<u>-</u>	<u>327,031</u>
Total expenses	<u>1,463,159</u>	<u>-</u>	<u>1,463,159</u>
Change in net assets	(56,866)	739,506	682,640
Net assets, beginning of year (restated)	<u>779,310</u>	<u>52,514</u>	<u>831,824</u>
Net assets, end of year	<u>\$ 722,444</u>	<u>\$ 792,020</u>	<u>\$ 1,514,464</u>

See accompanying notes.

**Butler County United Way  
Statement of Functional Expenses  
Year Ended June 30, 2023**

	Program services			Supporting services				Total expenses
	Allocations	Community impact	Total	Management and general	Resource development	UWW dues	Total	
Compensation	\$ -	\$ 133,471	\$ 133,471	\$ 29,056	\$ 138,557	\$ -	\$ 167,613	\$ 301,084
Employer payroll taxes	-	10,285	10,285	2,310	10,656	-	12,966	23,251
Employee benefits	-	30,362	30,362	4,608	21,551	-	26,159	56,521
<b>Total personnel expenses</b>	<b>-</b>	<b>174,118</b>	<b>174,118</b>	<b>35,974</b>	<b>170,764</b>	<b>-</b>	<b>206,738</b>	<b>380,856</b>
Allocations to agencies	675,000	-	675,000	-	-	-	-	675,000
Awards/incentives	-	239	239	1,525	127	-	1,652	1,891
Bank fees	1,766	-	1,766	3,855	-	-	3,855	5,621
Conference and meeting	-	306	306	41	253	-	294	600
Depreciation	-	1,552	1,552	529	1,446	-	1,975	3,527
Equipment maintenance and rental	-	22,156	22,156	3,508	16,010	-	19,518	41,674
Contributed nonfinancial assets	-	55,296	55,296	4,280	15,320	-	19,600	74,896
Marketing/campaign expense	-	8,611	8,611	1,208	6,415	-	7,623	16,234
Membership dues	-	1,272	1,272	210	879	20,610	21,699	22,971
Occupancy	-	14,471	14,471	25,068	10,771	-	35,839	50,310
Dolly Parton's Imagination Library of Ohio grant	-	128,981	128,981	-	-	-	-	128,981
Postage	-	1,263	1,263	187	911	-	1,098	2,361
Professional/consultant fees	-	15,573	15,573	3,248	11,550	-	14,798	30,371
Special events	-	-	-	29,717	-	-	29,717	29,717
Supplies	-	1,698	1,698	427	1,313	-	1,740	3,438
Telephone	-	3,285	3,285	4,513	1,808	-	6,321	9,606
Travel	-	1,551	1,551	1,388	74	-	1,462	3,013
<b>Total expenses before special events</b>	<b>676,766</b>	<b>430,372</b>	<b>1,107,138</b>	<b>115,678</b>	<b>237,641</b>	<b>20,610</b>	<b>373,929</b>	<b>1,481,067</b>
Less: special events netted with revenues	-	-	-	29,717	-	-	29,717	29,717
<b>Total expenses</b>	<b>\$ 676,766</b>	<b>\$ 430,372</b>	<b>\$ 1,107,138</b>	<b>\$ 85,961</b>	<b>\$ 237,641</b>	<b>\$ 20,610</b>	<b>\$ 344,212</b>	<b>\$ 1,451,350</b>

See accompanying notes.



**Butler County United Way**  
**Statement of Functional Expenses (As Restated)**  
**Year Ended June 30, 2022**

	Program services			Supporting services				Total expenses (as restated)
	Allocations	Community impact	Total	Management and general	Resource development	UWW dues	Total	
Compensation	\$ -	\$ 134,581	\$ 134,581	\$ 27,838	\$ 137,550	\$ -	\$ 165,388	\$ 299,969
Employer payroll taxes	-	10,110	10,110	2,223	10,390	-	12,613	22,723
Employee benefits	-	29,169	29,169	4,282	21,063	-	25,345	54,514
<b>Total personnel expenses</b>	<b>-</b>	<b>173,860</b>	<b>173,860</b>	<b>34,343</b>	<b>169,003</b>	<b>-</b>	<b>203,346</b>	<b>377,206</b>
Allocations to agencies	728,022	-	728,022	-	-	-	-	728,022
Awards/incentives	-	779	779	1,590	377	-	1,967	2,746
Bank fees	-	-	-	3,334	-	-	3,334	3,334
Conference and meeting	-	1,553	1,553	83	1,223	-	1,306	2,859
Depreciation	-	1,552	1,552	529	1,446	-	1,975	3,527
Equipment maintenance and rental	-	20,356	20,356	3,140	14,688	-	17,828	38,184
Contributed nonfinancial assets	-	58,228	58,228	6,430	15,320	-	21,750	79,978
Marketing/campaign expense	-	8,765	8,765	952	7,013	-	7,965	16,730
Membership dues	-	1,030	1,030	395	490	23,667	24,552	25,582
Occupancy	-	20,802	20,802	2,613	13,081	-	15,694	36,496
Dolly Parton's Imagination Library of Ohio grant	-	97,459	97,459	-	-	-	-	97,459
Postage	-	608	608	90	438	-	528	1,136
Professional/consultant fees	-	14,362	14,362	7,306	10,442	-	17,748	32,110
Special events	-	-	-	42,034	-	-	42,034	42,034
Supplies	-	2,292	2,292	328	1,602	-	1,930	4,222
Telephone	-	4,734	4,734	3,930	2,445	-	6,375	11,109
Travel	-	1,726	1,726	639	94	-	733	2,459
<b>Total expenses before special events</b>	<b>728,022</b>	<b>408,106</b>	<b>1,136,128</b>	<b>107,736</b>	<b>237,662</b>	<b>23,667</b>	<b>369,065</b>	<b>1,505,193</b>
Less: special events netted with revenues	-	-	-	42,034	-	-	42,034	42,034
<b>Total expenses</b>	<b>\$ 728,022</b>	<b>\$ 408,106</b>	<b>\$ 1,136,128</b>	<b>\$ 65,702</b>	<b>\$ 237,662</b>	<b>\$ 23,667</b>	<b>\$ 327,031</b>	<b>\$ 1,463,159</b>

See accompanying notes.

**Butler County United Way**  
**Statements of Cash Flows**  
**Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u> <u>(as restated)</u>
Operating activities		
Change in net assets	\$ 77,841	\$ 682,640
Adjustments to reconcile change in net assets to net cash flows provided by (used in) operating activities		
Depreciation	3,527	3,527
Net realized and unrealized (gains) losses on investments	(46,626)	56,494
Provision for uncollectible pledges and other receivables	50,000	50,000
Contribution - Middletown Endowment	-	(846,069)
Change in fair value of beneficial interest in assets held by others	(33,679)	153,029
Pledges receivable	(106,578)	21,814
Accounts payable	295	(703)
Allocations and designations payable	16,032	201,753
Designations payable to other United Way organizations	8,805	19,238
Due to others - fiscal agent	(27,500)	-
	<u>(57,883)</u>	<u>341,723</u>
Net cash flows provided by (used in) operating activities		
Investing activities		
Purchase of investment securities	(60,583)	(48,073)
Proceeds from sales of investments	18,656	-
Proceeds from beneficial interest	7,339	-
	<u>(34,588)</u>	<u>(48,073)</u>
Net cash flows used in investing activities		
Net change in cash and cash equivalents	(92,471)	293,650
Cash, cash equivalents and restricted cash, beginning of year	<u>545,898</u>	<u>252,248</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 453,427</u>	<u>\$ 545,898</u>
Reconciliation of cash, cash equivalents and restricted cash		
Cash and cash equivalents	\$ 453,427	\$ 518,398
Restricted cash - fiscal agent	<u>-</u>	<u>27,500</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 453,427</u>	<u>\$ 545,898</u>

See accompanying notes.

**Butler County United Way**  
**Notes to Financial Statements**  
**Years Ended June 30, 2023 and 2022**

**Note A - Nature of Organization and Operations**

The Butler County United Way (the "Organization") is a nonprofit 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 connect resources to important community needs, is a member in good standing with the 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.

**Note B - Summary of Significant Accounting Policies**

1. **Basis of Accounting:** The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Accounting Standards Codification ("ASC") as produced by the Financial Accounting Standards Board ("FASB") is the sole source of authoritative accounting technical literature.
2. **Financial Statement Presentation:** The Organization follows the guidance of the Financial Accounting Standards Board ("FASB") Topic 958, *Not-for-Profit Entities*. Accordingly, the Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.
  - *Net Assets Without Donor Restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.
  - *Net Assets with Donor Restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization had no net assets restricted in perpetuity at both June 30, 2023 and 2022.
3. **Use of Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.
4. **Cash and Cash Equivalents:** The Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Organization maintains at various financial institutions cash accounts which may exceed federally insured amounts at times.

**Butler County United Way**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2023 and 2022**

**Note B - Summary of Significant Accounting Policies (Continued)**

5. Investments: Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Investments are comprised of equity securities, bond funds and mutual funds. Realized and unrealized gains and losses are included in the statements of activities. Interest and dividends are recognized when earned.
6. Board Designated Investments: Board designated investments have been established for the purpose of maintaining approximately two months of reserves for future allocations to supported agencies and programs and for internal expenses.
7. Restricted Cash-Fiscal Agent: The Organization acts as a fiscal agent for other nonprofit agencies. The Organization maintains separate ledger and self-balancing accounts for restricted cash and the related amounts due to other nonprofit agencies.
8. In-kind Donated Materials, Facilities, and Services: The Organization has adopted ASU 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires contributed nonfinancial assets to be shown separate from contributions of cash and other financial assets and provides for qualitative disclosure regarding valuation techniques, categories of contributed nonfinancial assets, and their use.

Certain contributed materials, facilities, and services are recorded as support and expense, at fair value when determinable, otherwise at values indicated by the donor. The Organization received \$74,896 and \$79,978 during the years ended June 30, 2023 and 2022, respectively. Additional information can be found in Note J.

9. Fair Value of Financial Instruments: Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The three levels of the fair value hierarchy are described below:
  - Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.
  - Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly through corroboration with observable market data.
  - Level 3: Inputs that are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. These inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. The fair value of the Organization's investments as of June 30, 2023 and 2022 was determined using Level 1 inputs for common stock, money market funds, certificate of deposit and mutual funds and using Level 2 inputs for beneficial interest in assets held by others.

The carrying value of the cash and cash equivalents, pledges receivable, accounts payable and other current liabilities approximate fair value due to the short-term nature of these instruments.

**Butler County United Way**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2023 and 2022**

**Note B - Summary of Significant Accounting Policies (Continued)**

10. 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 \$846,747 and \$820,407 as of June 30, 2023 and 2022, respectively.
11. Property and Equipment: Property and equipment are stated at cost less accumulated depreciation. Property and equipment additions in excess of \$1,000 are capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in the change in net assets for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. The general range of useful lives for depreciation is three to twenty years. The useful lives for leasehold improvements are the lesser of the life of the lease or the useful estimated life of the related asset.
12. Allocations and Designations Payable: Allocations to supported member agencies' programs and services are approved in the spring and disbursed for the most part 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, 2023 and 2022 the allocations and designations payable were \$1,004,858 and \$988,826.
13. 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, 2023 and 2022, the Organization owed \$89,729 and \$80,924 to other United Way agencies.
14. Revenue Recognition: The majority of the Organization's revenue comes from contributions and investment income, which are scoped out of Topic 606, Revenue Recognition.

Pledges and contributions that are restricted by the donor are reported as revenue without restrictions if the restriction expires in the reporting period in which the pledge or contribution is recognized. All other donor-restricted pledges and contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Pledges received in the current fiscal year to support the fall campaign of the following fiscal year are subject to a time restriction and are included in net assets with donor restrictions.

Pledges received with a donor designation to a specific agency are agency transactions and are therefore deducted from the gross campaign results and are also excluded from allocations to agencies expense.

**Butler County United Way**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2023 and 2022**

**Note B - Summary of Significant Accounting Policies (Continued)**

15. Functional Allocation of Expenses: The costs of supporting various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and general and administrative categories. Salaries and payroll taxes are allocated based on time and effort. All other expenses are recorded based on their functional purpose.
16. Marketing and Campaign Expense: Marketing and campaign costs are expensed as incurred. For the years ended June 30, 2023 and 2022 marketing and campaign expense totaled \$16,234 and \$16,730, respectively.
17. Tax Status: The Organization is exempt from federal, state and local income taxes under the provisions of section 501(c)(3) of the Internal Revenue Code ("IRC"). The Organization is not considered a private foundation within the meaning of the IRC. The Organization recognizes uncertain income tax positions using the "more-likely-than-not" approach as defined in the ASC. No liability for uncertain tax positions has been recorded in the accompanying financial statements.
18. Leases: In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842), which requires all leases to be recognized on the Organization's statement of financial position as a right-of-use ("ROU") asset and a lease liability, unless the lease is a short-term lease (generally a lease with a term of twelve months or less). In July 2018, the FASB issued ASU 2018-11, which provided an additional transition method and in June 2020 issued ASU 2020-05, which deferred the effective date of ASU 2016-02.

Effective July 1, 2022, the Organization adopted ASU 2016-02 and all related amendments using the optional transition method, which allows entities to apply the guidance at the adoption date and recognize a cumulative effect adjustment to the opening balance of net assets, if any, in the period of adoption with no restatement of comparative periods. Upon transition to the guidance as of the date of adoption, the Organization did not have any leases that require recognition of a ROU asset and lease liability in the statements of financial position. Accordingly, the adoption did not have any effect on the financial statements and no adjustment to the opening balance of net assets was necessary.

The Organization determines if an arrangement is a lease at inception of the contract. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease. Lease ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term, which is determined as the non-cancelable period, including periods in which termination options are reasonably certain of not being exercised, and periods in which renewal options are reasonably certain of being exercised. The lease liabilities are measured by discounting future lease payments at a risk-free rate unless the implicit rate is readily determinable. ROU assets also include adjustments related to prepaid or deferred lease payments and lease incentives. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. Finance lease ROU assets are amortized over the shorter of their estimated useful life or the term of the lease.

**Butler County United Way**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2023 and 2022**

**Note B - Summary of Significant Accounting Policies (Continued)**

18. Leases (Continued): For short term leases, (that is a lease that, at the commencement date, has a lease term of 12 months or less and does not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise) an ROU asset and lease liability is not recognized, instead lease payments are recognized in the statement of activities on a straight-line basis over the lease term and any variable lease payments are recognized when the obligation for those payments is incurred.

Lease agreements with lease and non-lease components are generally accounted for separately. The Organization has elected to account for the lease and non-lease components as a single lease component for all asset classes. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of non-lease components may be revised. These variable lease payments will be recognized in operating expenses in the period in which the obligation for those payments is incurred.

As of June 30, 2023 and 2022, the Organization did not have any operating leases or finance leases that require recognition of a ROU asset and lease liability in the statements of financial position.

19. Subsequent Events: The Organization has evaluated subsequent events for potential recognition and disclosure through the date of the Independent Auditor's Report, the date the financial statements were available to be issued.

**Note C - Programs and Activities**

The Organization focuses on connecting resources to important community needs while brokering solutions to the most urgent human needs facing the community. A variety of methods are deployed to communicate with community members in order to prioritize the issues and determine the proper solutions to these problems. Whether this means grant writing, fundraising, or collaborating with community partners, the Organization uses community input to solve community issues.

The Organization's primary programs and activities are as follows:

- *Community Impact*: The Organization connects resources to community needs that are identified by the community as most critical. The resources may include fundraising, grant writing, volunteer recruitment, or developing collaborations that best address the identified issues. Community Impact involves developing community solutions and investing resources to effectively address health and human service needs. This includes outcome measurement, planning and problem-solving. Strategic initiatives promote collaborative problem solving and community development with community stakeholders and non-profit agencies to create long-term success in the three pillars of focus: Health, Education and Income.
- *Resource Development*: This division focuses on revenue that is secured from direct donor solicitation, corporate investments, sponsorship opportunities, and fundraising events. During the 2022 campaign year, volunteers from the community led the annual campaign which generated more than \$1,470,000 in pledged gifts from individuals and corporations. Volunteers logged in over 3,900 hours to support the fundraising events and day to day details, so as to keep overhead costs low and directly benefit the award process.

**Butler County United Way**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2023 and 2022**

**Note D - Pledges Receivable, net**

Pledges receivable consist of:

	<u>2023</u>		<u>2022</u>	
Pledges receivable				
2022 campaign pledges	\$ 712,550		\$ -	
2021 campaign pledges	97,694		667,430	
2020 campaign pledges	<u>-</u>		<u>46,278</u>	
	<u>\$ 810,244</u>		<u>\$ 713,708</u>	
		<u>% of</u>		<u>% of</u>
		respective		respective
		campaign year		campaign year
Less allowance for uncollectable receivables				
2022 campaign pledges	\$ (133,960)	18.80%	\$ -	
2021 campaign pledges	(97,694)	100.00%	(145,418)	21.79%
2020 campaign pledges	<u>-</u>		<u>(46,278)</u>	100.00%
	<u>(231,654)</u>		<u>(191,696)</u>	
Pledges receivable, net	<u>\$ 578,590</u>		<u>\$ 522,012</u>	

Pledges are reported as a receivable for one year or until paid. Historically, the allowance for uncollectible pledges is calculated to be approximately 8% - 10% of the total amount raised for the current year fundraising campaign, which is based on the Organization's actual past collection experience. Due to the current economic climate, the Organization adjusted the allowance on current pledges to approximately 19 - 22%. Any unpaid pledge greater than twelve months is considered uncollectible and is written off to the allowance for uncollectible receivables.

**Note E - Investments**

The investment balance (also known as the Legacy Fund) is comprised of long-term investments. The Legacy Fund requires approval by the Chief Executive Officer for disbursements, which are primarily used to purchase equipment and/or make building improvements. The Finance Committee makes recommendations to the Chief Executive Officer for approval.



**Butler County United Way**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2023 and 2022**

**Note E - Investments (Continued)**

Investments consist of:

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
Investments				
Common stock	\$ 257,804	\$ 412,145	\$ 236,194	\$ 337,556
Money market funds, cash and cash equivalents	48,820	48,820	272,596	272,596
Certificate of deposit	216,102	216,102	-	-
Mutual funds				
Fixed income	123,536	109,392	106,970	93,776
Alternative investments	37,946	34,055	32,298	28,033
	<u>\$ 684,208</u>	<u>\$ 820,514</u>	<u>\$ 648,058</u>	<u>\$ 731,961</u>

Amounts are identified on the statements of financial position as follows:

	<u>2023</u>	<u>2022</u>
Investments, at fair value	\$ 604,412	\$ 518,723
Board designated investments	216,102	213,238
	<u>\$ 820,514</u>	<u>\$ 731,961</u>

Investment income consists of the following:

	<u>2023</u>	<u>2022</u>
Realized gains	\$ 523	\$ 4,606
Unrealized gains (losses)	52,403	(56,665)
Investment advisory expenses	(6,300)	(4,435)
	<u>46,626</u>	<u>(56,494)</u>
Net realized and unrealized gains (losses)	46,626	(56,494)
Interest and dividends	16,962	13,721
	<u>\$ 63,588</u>	<u>\$ (42,773)</u>

**Butler County United Way**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2023 and 2022**

**Note F - Property and Equipment**

Property and equipment consist of the following:

	<u>2023</u>	<u>2022</u>
Equipment	\$ 127,204	\$ 127,204
Leasehold improvements	<u>389,356</u>	<u>389,356</u>
	516,560	516,560
Less accumulated depreciation	<u>513,464</u>	<u>509,937</u>
	<u><u>\$ 3,096</u></u>	<u><u>\$ 6,623</u></u>

Depreciation expense totaled \$3,527 for both the years ended June 30, 2023 and 2022.

**Note G - Net Assets with Donor Restrictions**

Net assets with donor restrictions represent restricted contributions received for future allocation periods. The balances were:

	<u>2023</u>	<u>2022</u>
Hamilton Community Foundation fund	\$ 50,000	\$ 50,000
Middletown Community Foundation funds	729,833	712,833
Dolly Parton's Imagination Library of Ohio grant	-	21,687
Time restriction - campaign revenues for future periods	<u>9,600</u>	<u>7,500</u>
	<u><u>\$ 789,433</u></u>	<u><u>\$ 792,020</u></u>

During the years ended June 30, 2023 and 2022, net assets of \$122,548 and \$97,459, respectively, were released from donor time restrictions.

**Note H - Special Events**

Special events provided revenues and expenses as follows:

	<u>2023</u>	<u>2022</u>
Gross revenues	\$ 62,485	\$ 66,094
Direct expenses	<u>(29,717)</u>	<u>(42,034)</u>
Special events, net	<u><u>\$ 32,768</u></u>	<u><u>\$ 24,060</u></u>

**Butler County United Way**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2023 and 2022**

**Note I - 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 expires on March 31, 2024, but with an automatic renewal feature with the same pre-established conditions unless 30 days' notice is given.

**Note J - Contribution of Nonfinancial Assets**

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

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	\$ -	\$ 55,296
Management and general	4,280	-	-	4,280
Resource development	15,320	-	-	15,320
Total contributed nonfinancial assets	<u>\$ 40,000</u>	<u>\$ 34,896</u>	<u>\$ -</u>	<u>\$ 74,896</u>

2022

<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	\$ 37,828	\$ -	\$ 58,228
Management and general	4,280	-	2,150	6,430
Resource development	15,320	-	-	15,320
Total contributed nonfinancial assets	<u>\$ 40,000</u>	<u>\$ 37,828</u>	<u>\$ 2,150</u>	<u>\$ 79,978</u>

Donated Space

The contributed office space is used for both program and supporting services and is allocated based upon square footage used by each program and supporting service. As identified in Note I - 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 contributed nonfinancial assets on the statements of activities and included in contributed nonfinancial assets on the statements of functional expenses.

Donated Goods

The organization utilized three inventory valuation methods during the years ended June 30, 2023 and 2022. 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 but 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.

**Butler County United Way**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2023 and 2022**

**Note J - Contribution of Nonfinancial Assets (Continued)**

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 receives 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.

**Note K - Concentrations**

The Organization operates 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 exposed to concentrations of credit risk are primarily cash and pledges receivable.

The Organization's pledges receivable are primarily pledges made by 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, 2023 and 2022, the Organization received approximately 32% and 37% of its supports from two and three companies, respectively, on behalf of their employees who participate in the payroll deduction campaign and corporate contributions.

**Note L - Retirement Plan**

The Organization maintains a 403(b) retirement plan that covers substantially all full-time employees. The Organization contributes 5% of each employee's qualifying compensation into the plan. For the years ended June 30, 2023 and 2022 the Organization contributed \$11,857 and \$13,066, respectively.

**Note M - Risks and Uncertainties**

The Organization self-insures for state unemployment purposes. In management's 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.

**Butler County United Way**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2023 and 2022**

**Note N - Fair Value Measurements**

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Common stock	\$ 412,145	\$ -	\$ -	\$ 412,145
Money market funds, cash and cash equivalents	48,820	-	-	48,820
Certificate of deposit	216,102	-	-	216,102
Mutual funds				
Fixed income	109,392	-	-	109,392
Alternative investments	34,055	-	-	34,055
	<u>\$ 820,514</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 820,514</u>
Beneficial interest in assets held by community foundations	<u>\$ -</u>	<u>\$ 846,747</u>	<u>\$ -</u>	<u>\$ 846,747</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Common stock	\$ 337,556	\$ -	\$ -	\$ 337,556
Money market funds, cash and cash equivalents	272,596	-	-	272,596
Mutual funds				
Fixed income	93,776	-	-	93,776
Alternative investments	28,033	-	-	28,033
	<u>\$ 731,961</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 731,961</u>
Beneficial interest in assets held by community foundations	<u>\$ -</u>	<u>\$ 820,407</u>	<u>\$ -</u>	<u>\$ 820,407</u>

**Butler County United Way**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2023 and 2022**

**Note N - Fair Value Measurements (Continued)**

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

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

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

*Certificate of deposit:* Valued based on amortized cost which equals 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.

**Note O - Liquidity and Availability**

As part of the organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

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.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 453,427	\$ 518,398
Pledges receivable, net	578,590	522,012
Investments, at fair value	604,412	518,723
Beneficial interest in assets held by others	846,747	820,407
Board designated investments	<u>216,102</u>	<u>213,238</u>
Total financial assets	2,699,278	2,592,778
Less those unavailable for general expenditures within one year, due to		
Allocations	(1,004,858)	(988,826)
Designations to other United Ways	(89,729)	(80,924)
Restricted by donor with time or purpose restrictions	(789,433)	(792,020)
Board designations		
Required operating reserve	<u>(216,102)</u>	<u>(213,238)</u>
	<u>\$ 599,156</u>	<u>\$ 517,770</u>

**Butler County United Way**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2023 and 2022**

**Note P - Restatement**

In December of 2020, the Organization accepted the role of serving as the local county affiliate for the Dolly Parton's Imagination Library ("DPIL") funding. As part of this role, the Organization is responsible for enrolling children in the program, promoting the program and raising funds to pay for approximately half of the direct costs of books and monthly mailings to children enrolled in the program. The DPIL via the State of Ohio, is responsible for the remaining half of the program cost. The Organization also accepted the role of acting as the fiscal agent for the program.

The funds received and expended were previously reported as cash held by fiscal agent with a corresponding obligation on the Statement of Financial Position with the stated goal of the program to be a net-neutral activity. Based on additional information, it was determined that the funds received and expended were required to be reported on the Statement of Activities.

The Organization has restated the prior year financial statements as follows:

<b>Statement of Financial Position</b>	2022 as originally presented	Adjustment	2022 (as restated)
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 496,711	\$ 21,687	\$ 518,398
Total current assets	1,018,723	21,687	1,040,410
Property and equipment, net	6,623	-	6,623
Noncurrent assets			
Restricted cash - fiscal agent	49,187	(21,687)	27,500
Total noncurrent assets	1,601,555	(21,687)	1,579,868
Total assets	<u>\$ 2,626,901</u>	<u>\$ -</u>	<u>\$ 2,626,901</u>
<b>Liabilities and net assets</b>			
Current liabilities			
Total current liabilities	<u>\$ 1,084,937</u>	<u>\$ -</u>	<u>\$ 1,084,937</u>
Due to others - fiscal agent	49,187	(21,687)	27,500
Total long-term liabilities	49,187	(21,687)	27,500
Net assets			
Total without donor restrictions	722,444	-	722,444
With donor restrictions	770,333	21,687	792,020
Total net assets	<u>1,492,777</u>	<u>21,687</u>	<u>1,514,464</u>
Total liabilities and net assets	<u>\$ 2,626,901</u>	<u>-</u>	<u>\$ 2,626,901</u>

**Butler County United Way**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2023 and 2022**

**Note P - Restatement (Continued)**

<b>Statement of Activities</b>	2022 as originally presented	Adjustment	2022 (as restated)
Public support			
Net campaign revenue	\$ 1,274,633	\$ -	\$ 1,274,633
Other revenue			
Dolly Parton's Imagination Library of Ohio grant	-	116,632	116,632
Total other revenue	754,534	116,632	871,166
Total public support and other revenue	2,029,167	116,632	2,145,799
Expenses			
Program services	1,038,669	97,459	1,136,128
Supporting services			
Total supporting services	327,031	-	327,031
Total expenses	1,365,700	97,459	1,463,159
Change in net assets	663,467	19,173	682,640
Net assets, beginning of year	829,310	2,514	831,824
Net assets, end of year	\$ 1,492,777	\$ 21,687	\$ 1,514,464