

**Butler County United Way**  
**Financial Statements**  
**Years Ended June 30, 2021 and 2020**

**Butler County United Way  
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Years Ended June 30, 2021 and 2020**

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## **Independent Auditor's Report**

To the Board of Trustees  
Butler County United Way

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Butler County United Way (the "Organization"), which comprise the statements of financial position as of June 30, 2021 and 2020, 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 audit 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.

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## Independent Auditor's Report (Continued)

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Butler County United Way as of June 30, 2021 and 2020, 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.

*MUM CPAs & Advisors LLP*

Cincinnati, Ohio

November 18, 2021

**Butler County United Way  
Statements of Financial Position  
June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 222,234	\$ 252,624
Pledges receivable, net	<u>593,826</u>	<u>691,157</u>
Total current assets	816,060	943,781
Property and equipment, net	10,150	13,677
Noncurrent assets		
Investments, at fair value	527,140	379,268
Beneficial interest in assets held by others	127,367	100,634
Restricted cash-fiscal agent	30,014	62,355
Board designated investments	<u>213,242</u>	<u>213,610</u>
Total noncurrent assets	<u>897,763</u>	<u>755,867</u>
Total assets	<u>\$ 1,723,973</u>	<u>\$ 1,713,325</u>
<b>Liabilities and net assets</b>		
Current liabilities		
Paycheck Protection Program ("PPP") loan	\$ -	\$ 27,540
Accounts payable	15,890	19,507
Allocations and designations payable	787,073	837,901
Designations payable to other United Way organizations	<u>61,686</u>	<u>49,353</u>
Total current liabilities	864,649	934,301
Due to others - fiscal agent	30,014	62,355
Paycheck Protection Program ("PPP") loan, net of current portion	<u>-</u>	<u>43,255</u>
Total long-term liabilities	30,014	105,610
Net assets		
Board designated - required operating reserve	213,242	213,610
Undesignated	<u>566,068</u>	<u>399,054</u>
Total without donor restrictions	779,310	612,664
With donor restrictions	<u>50,000</u>	<u>60,750</u>
Total net assets	<u>829,310</u>	<u>673,414</u>
Total liabilities and net assets	<u>\$ 1,723,973</u>	<u>\$ 1,713,325</u>

See accompanying notes.

**Butler County United Way  
Statement of Activities  
Year Ended June 30, 2021**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Public support			
Gross campaign results	\$ 1,422,519	\$ -	\$ 1,422,519
Less donor designations	312,894	-	312,894
Less provision for uncollectible pledges receivable	<u>80,000</u>	<u>-</u>	<u>80,000</u>
Net campaign revenue	1,029,625	-	1,029,625
Other revenue			
Net realized and unrealized gain on investments	86,714	-	86,714
Interest and dividends	10,787	-	10,787
Change in fair value of beneficial interest in assets held by others	26,733	-	26,733
Other revenue	900	-	900
Forgiveness of PPP loan	70,795	-	70,795
Special events, net	(1,862)	-	(1,862)
In-kind donations	<u>192,330</u>	<u>-</u>	<u>192,330</u>
Total other revenue	386,397	-	386,397
Net assets released from restrictions	<u>10,750</u>	<u>(10,750)</u>	<u>-</u>
Total public support and other revenue	1,426,772	(10,750)	1,416,022
Expenses			
Program services	959,911	-	959,911
Supporting services			
Management and general	67,323	-	67,323
Resource development	209,236	-	209,236
United Way Worldwide dues	<u>23,656</u>	<u>-</u>	<u>23,656</u>
Total supporting services	<u>300,215</u>	<u>-</u>	<u>300,215</u>
Total expenses	<u>1,260,126</u>	<u>-</u>	<u>1,260,126</u>
Change in net assets	166,646	(10,750)	155,896
Net assets, beginning of year	<u>612,664</u>	<u>60,750</u>	<u>673,414</u>
Net assets, end of year	<u>\$ 779,310</u>	<u>\$ 50,000</u>	<u>\$ 829,310</u>

See accompanying notes.

**Butler County United Way  
Statement of Activities  
Year Ended June 30, 2020**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Public support			
Gross campaign results	\$ 1,630,187	\$ 10,750	\$ 1,640,937
Less donor designations	353,593	-	353,593
Less provision for uncollectible pledges receivable	<u>140,000</u>	<u>-</u>	<u>140,000</u>
Net campaign revenue	1,136,594	10,750	1,147,344
Other revenue			
Net realized and unrealized gain on investments	(3,668)	-	(3,668)
Interest and dividends	11,752	-	11,752
Change in fair value of beneficial interest in assets held by others	162	-	162
Other revenue	5,089	-	5,089
Grant revenues	7,500	-	7,500
Special events, net	(96)	-	(96)
In-kind donations	<u>511,649</u>	<u>-</u>	<u>511,649</u>
Total other revenue	532,388	-	532,388
Net assets released from restrictions	<u>13,225</u>	<u>(13,225)</u>	<u>-</u>
Total public support and other revenue	1,682,207	(2,475)	1,679,732
Expenses			
Program services	1,366,677	-	1,366,677
Supporting services			
Management and general	72,588	-	72,588
Resource development	232,301	-	232,301
United Way Worldwide dues	<u>14,046</u>	<u>-</u>	<u>14,046</u>
Total supporting services	<u>318,935</u>	<u>-</u>	<u>318,935</u>
Total expenses	<u>1,685,612</u>	<u>-</u>	<u>1,685,612</u>
Change in net assets	(3,405)	(2,475)	(5,880)
Net assets, beginning of year	<u>616,069</u>	<u>63,225</u>	<u>679,294</u>
Net assets, end of year	<u>\$ 612,664</u>	<u>\$ 60,750</u>	<u>\$ 673,414</u>

See accompanying notes.

**Butler County United Way  
Statement of Functional Expenses  
Year Ended June 30, 2021**

	Program services			Supporting services				Total expenses
	Allocations	Community impact	Total	Management and general	Resource development	UWW dues	Total	
Compensation	\$ -	\$ 164,342	\$ 164,342	\$ 27,560	\$ 125,382	\$ -	\$ 152,942	\$ 317,284
Employer payroll taxes	-	12,760	12,760	1,832	9,724	-	11,556	24,316
Employee benefits	-	27,402	27,402	3,488	18,747	-	22,235	49,637
<b>Total personnel expenses</b>	<b>-</b>	<b>204,504</b>	<b>204,504</b>	<b>32,880</b>	<b>153,853</b>	<b>-</b>	<b>186,733</b>	<b>391,237</b>
Allocations to agencies	527,320	-	527,320	-	-	-	-	527,320
Awards/incentives	-	260	260	1,500	131	-	1,631	1,891
Bank fees	-	-	-	1,522	-	-	1,522	1,522
Conference and meeting	-	301	301	234	696	-	930	1,231
Depreciation	-	1,552	1,552	529	1,446	-	1,975	3,527
Equipment maintenance and rental	-	19,603	19,603	2,922	14,144	-	17,066	36,669
In-kind donations	-	169,930	169,930	7,080	15,320	-	22,400	192,330
Marketing/campaign expense	-	6,325	6,325	1,571	3,576	-	5,147	11,472
Membership dues	-	1,014	1,014	445	731	23,656	24,832	25,846
Occupancy	-	11,786	11,786	1,632	8,504	-	10,136	21,922
Postage	-	1,371	1,371	214	989	-	1,203	2,574
Professional/consultant fees	-	11,655	11,655	15,837	8,469	-	24,306	35,961
Special events	-	-	-	2,885	-	-	2,885	2,885
Supplies	-	1,460	1,460	-	778	-	778	2,238
Telephone	-	2,441	2,441	905	566	-	1,471	3,912
Travel	-	389	389	52	33	-	85	474
<b>Total expenses before special events</b>	<b>527,320</b>	<b>432,591</b>	<b>959,911</b>	<b>70,208</b>	<b>209,236</b>	<b>23,656</b>	<b>303,100</b>	<b>1,263,011</b>
Less: special events netted with revenues	-	-	-	2,885	-	-	2,885	2,885
<b>Total expenses</b>	<b>\$ 527,320</b>	<b>\$ 432,591</b>	<b>\$ 959,911</b>	<b>\$ 67,323</b>	<b>\$ 209,236</b>	<b>\$ 23,656</b>	<b>\$ 300,215</b>	<b>\$ 1,260,126</b>

See accompanying notes.



**Butler County United Way  
Statement of Functional Expenses  
Year Ended June 30, 2020**

	Program services			Supporting services				Total expenses
	Allocations	Community impact	Total	Management and general	Resource development	UWW dues	Total	
Compensation	\$ -	\$ 179,212	\$ 179,212	\$ 29,052	\$ 128,891	\$ -	\$ 157,943	\$ 337,155
Employer payroll taxes	-	13,849	13,849	2,831	9,948	-	12,779	26,628
Employee benefits	-	34,360	34,360	4,947	22,960	-	27,907	62,267
<b>Total personnel expenses</b>	<b>-</b>	<b>227,421</b>	<b>227,421</b>	<b>36,830</b>	<b>161,799</b>	<b>-</b>	<b>198,629</b>	<b>426,050</b>
Allocations to agencies	573,594	-	573,594	-	-	-	-	573,594
Awards/incentives	-	1,270	1,270	604	649	-	1,253	2,523
Bank fees	-	-	-	3,587	-	-	3,587	3,587
Conference and meeting	-	938	938	417	2,203	-	2,620	3,558
Depreciation	-	1,552	1,552	529	1,446	-	1,975	3,527
Equipment maintenance and rental	-	20,963	20,963	6,713	15,125	-	21,838	42,801
In-kind donations	-	489,249	489,249	7,080	15,320	-	22,400	511,649
Marketing/campaign expense	-	8,380	8,380	1,904	6,190	-	8,094	16,474
Membership dues	-	1,503	1,503	593	1,084	14,046	15,723	17,226
Occupancy	-	13,624	13,624	2,063	10,436	-	12,499	26,123
Postage	-	1,164	1,164	167	840	-	1,007	2,171
Professional/consultant fees	-	15,778	15,778	5,399	11,453	-	16,852	32,630
Special events	-	-	-	235	-	-	235	235
Supplies	-	2,451	2,451	974	1,837	-	2,811	5,262
Telephone	-	6,945	6,945	4,959	3,839	-	8,798	15,743
Travel	-	1,845	1,845	769	80	-	849	2,694
<b>Total expenses before special events</b>	<b>573,594</b>	<b>793,083</b>	<b>1,366,677</b>	<b>72,823</b>	<b>232,301</b>	<b>14,046</b>	<b>319,170</b>	<b>1,685,847</b>
Less: special events netted with revenues	-	-	-	235	-	-	235	235
<b>Total expenses</b>	<b>\$ 573,594</b>	<b>\$ 793,083</b>	<b>\$ 1,366,677</b>	<b>\$ 72,588</b>	<b>\$ 232,301</b>	<b>\$ 14,046</b>	<b>\$ 318,935</b>	<b>\$ 1,685,612</b>

See accompanying notes.

**Butler County United Way**  
**Statements of Cash Flows**  
**Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Operating activities		
Change in net assets	\$ 155,896	\$ (5,880)
Adjustments to reconcile change in net assets to net cash flows (used in) provided by operating activities		
Depreciation	3,527	3,527
Net realized and unrealized (gains) losses on investments	(86,714)	3,668
Provision for uncollectible pledges and other receivables	80,000	140,000
Change in fair value of beneficial interest in assets held by others	(26,733)	(162)
Forgiveness of PPP loan	(70,795)	-
Pledges receivable	17,331	(89,184)
Accounts payable	(3,617)	7,058
Allocations and designations payable	(50,828)	(64,807)
Designations payable to other United Way organizations	12,333	1,917
Due to others - fiscal agent	(32,341)	62,355
	<u>(1,941)</u>	<u>58,492</u>
Investing activities		
Purchase of investment securities	(77,240)	(77,118)
Proceeds from sales of investments	<u>16,450</u>	<u>21,568</u>
	<u>(60,790)</u>	<u>(55,550)</u>
Financing activities		
Proceeds from issuance of PPP loan	<u>-</u>	<u>70,795</u>
	<u>-</u>	<u>70,795</u>
Net change in cash and cash equivalents	(62,731)	73,737
Cash, cash equivalents and restricted cash, beginning of year	<u>314,979</u>	<u>241,242</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 252,248</u>	<u>\$ 314,979</u>
Reconciliation of cash, cash equivalents and restricted cash		
Cash and cash equivalents	\$ 222,234	\$ 252,624
Restricted cash-fiscal agent	<u>30,014</u>	<u>62,355</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 252,248</u>	<u>\$ 314,979</u>

See accompanying notes.

**Butler County United Way**  
**Notes to Financial Statements**  
**Years Ended June 30, 2021 and 2020**

**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.
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.
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.

**Butler County United Way**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2021 and 2020**

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

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: 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 \$192,330 and \$511,649 during the years ended June 30, 2021 and 2020, respectively.
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, 2021 and 2020 was determined using Level 1 inputs for common stock, money market funds, US treasury obligations 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.

10. Beneficial Interest in Assets Held by Others: In 1990, an anonymous donor donated \$50,000 to the Hamilton Community Foundation but designated Butler County United Way as the beneficiary. As the donor did not grant the Hamilton Community Foundation the right to redirect the funds to another beneficiary, GAAP requires an asset to be recognized. The investment income is available for distribution and the initial \$50,000 contribution requires approval of the Hamilton Community Foundation Board of Trustees for payout. The balance of the assets held in beneficial interest classified as net assets with donor restrictions is \$50,000.

**Butler County United Way**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2021 and 2020**

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

10. Beneficial Interest in Assets Held by Others (Continued): In addition, the Organization established funds at various community foundations, designating the Organization as beneficiary. Activity in assets held by others is as follows:

June 30, 2019	\$ 107,972
Withdrawal	(7,500)
Change in fair value	<u>162</u>
June 30, 2020	100,634
Change in fair value	<u>26,733</u>
June 30, 2021	<u><u>\$ 127,367</u></u>

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, 2021 and 2020 the allocations and designations payable were \$787,073 and \$837,901.
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, 2021 and 2020, the Organization owed \$61,686 and \$49,353 to other United Way agencies.
14. Revenue Recognition: On July 1, 2020, the Organization adopted ASU 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, "Topic 606"). The standard was adopted using the modified retrospective method. Topic 606 creates a single framework for recognizing revenue from contracts with customers that fall within its scope and supersedes nearly all existing U.S. GAAP for revenue recognition guidance. The standard's core principle is that an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The majority of the Organization's revenues, including contributions and investment income are not covered by Topic 606, resulting in no material impact to the financial statements.

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 is recognized. All other donor-restricted pledges 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.

**Butler County United Way**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2021 and 2020**

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

14. Revenue Recognition (Continued): 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.

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, 2021 and 2020 marketing and campaign expense totaled \$11,472 and \$16,474, 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. Recent Accounting Pronouncements: In January 2020, the FASB issued 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. This standard will be effective for the year ending June 30, 2022.

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. This standard will be effective for the year ending June 30, 2023.

The Organization is currently in the process of evaluating the impact of adoption of ASUs 2020-07 and 2016-02 on the financial statements.

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. See Note Q - Subsequent Events for more detail.

**Butler County United Way**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2021 and 2020**

**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 2020 campaign year, volunteers from the community led the annual campaign which generated more than \$1,500,000 in pledged gifts from individuals and corporations. An additional 3,500 volunteers logged in over 26,660 hours to support the fundraising events and day to day details, so as to keep overhead costs low and directly benefit the award process.

**Note D - Pledges Receivable, net**

Pledges receivable consist of:

	<u>2021</u>		<u>2020</u>	
Pledges receivable				
2020 campaign pledges	\$ 700,044		\$ -	
2019 campaign pledges	137,662		760,241	
2018 campaign pledges	-		173,916	
	<u>\$ 837,706</u>		<u>\$ 934,157</u>	
		<u>% of respective</u>		<u>% of respective</u>
		<u>campaign year</u>		<u>campaign year</u>
Less allowance for uncollectable receivables				
2020 campaign pledges	\$ (106,218)	15.17%	\$ -	
2019 campaign pledges	(137,662)	100.00%	(69,084)	9.09%
2018 campaign pledges	-		(173,916)	100.00%
	<u>(243,880)</u>		<u>(243,000)</u>	
Pledges receivable, net	<u>\$ 593,826</u>		<u>\$ 691,157</u>	

**Butler County United Way**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2021 and 2020**

**Note D - Pledges Receivable, net (Continued)**

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 impact of COVID-19, the Organization adjusted the allowance on current pledges to approximately 15%. 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.

Investments consist of:

	2021		2020	
	Cost	Fair value	Cost	Fair value
Investments				
Common stock	\$ 236,256	\$ 374,899	\$ 151,498	\$ 202,761
Money market funds	11,048	11,048	80,393	80,393
US treasury obligations	213,242	213,242	213,086	213,610
Mutual funds				
Fixed income	106,970	107,797	74,926	74,699
Alternative investments	32,298	33,396	24,040	21,415
	<u>\$ 599,814</u>	<u>\$ 740,382</u>	<u>\$ 543,943</u>	<u>\$ 592,878</u>

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

	2021	2020
Investments, at fair value	\$ 527,140	\$ 379,268
Board designated investments	213,242	213,610
	<u>\$ 740,382</u>	<u>\$ 592,878</u>



**Butler County United Way**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2021 and 2020**

**Note E - Investments (Continued)**

Investment income consists of the following:

	<u>2021</u>	<u>2020</u>
Realized (losses) gains	\$ (135)	\$ 236
Unrealized gains (losses)	91,633	(185)
Investment advisory expenses	<u>(4,784)</u>	<u>(3,719)</u>
Net realized and unrealized gains (losses)	86,714	(3,668)
Interest and dividends	<u>10,787</u>	<u>11,752</u>
	<u><u>\$ 97,501</u></u>	<u><u>\$ 8,084</u></u>

**Note F - Property and Equipment**

Property and equipment consist of the following:

	<u>2021</u>	<u>2020</u>
Equipment	\$ 127,204	\$ 127,204
Leasehold improvements	<u>389,356</u>	<u>389,356</u>
	516,560	516,560
Less accumulated depreciation	<u>506,410</u>	<u>502,883</u>
	<u><u>\$ 10,150</u></u>	<u><u>\$ 13,677</u></u>

Depreciation expense totaled \$3,527 for both the years ended June 30, 2021 and 2020.

**Note G - Paycheck Protection Program ("PPP") Loan**

As a result of the initial uncertainty surrounding the COVID-19 pandemic, in May 2020, the Organization applied for and received a Paycheck Protection Program loan ("PPP") through the United States Small Business Administration ("SBA") under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act in the amount of \$70,795.

The loan charged interest at approximately 1% and was payable over a 24-month period and was unsecured. Under the CARES Act, and subject to certain limitations as defined under the PPP loan program, the loan could be partially or fully forgiven if the proceeds were used for actual payroll and other qualified costs during the 24-week period following receipt of the loan proceeds.

In October 2020, the Organization submitted documentation to the lender and the SBA seeking full forgiveness of the PPP loan, as having satisfied the criteria as set forth in the program. In December 2020, the Organization was notified by the lender via formal approval by the SBA that the PPP loan had been satisfied in full, as the Organization met the criteria for forgiveness by expending the proceeds on qualifying costs during the stipulated time period under the provisions of the program.

**Butler County United Way**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2021 and 2020**

**Note G - Paycheck Protection Program ("PPP") Loan (Continued)**

The Organization elected to account for the loan forgiveness by recording it as other income as permitted by ASC 470 - Debt, and the income derived from the forgiveness is shown as "Paycheck Protection Program Loan Forgiveness" in the accompanying statements of activities.

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

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

	<u>2021</u>	<u>2020</u>
Hamilton Community Foundation fund	\$ 50,000	\$ 50,000
Time restriction - campaign revenues for future periods	<u>-</u>	<u>10,750</u>
	<u>\$ 50,000</u>	<u>\$ 60,750</u>

During the years ended June 30, 2021 and 2020, net assets of \$10,750 and \$13,225, respectively, were released from donor time restrictions.

**Note I - Special Events**

Special events provided revenues and expenses as follows:

	<u>2021</u>	<u>2020</u>
Gross revenues	\$ 1,023	\$ 139
Direct expenses	<u>(2,885)</u>	<u>(235)</u>
Special events, net	<u>\$ (1,862)</u>	<u>\$ (96)</u>

**Note J - 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, 2021, but with an automatic renewal feature with the same pre-established conditions unless 30 days' notice is given.

**Butler County United Way**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2021 and 2020**

**Note K - In kind Donations**

The Organization recognized the following donations as in-kind revenue and expense related to program and supporting services:

	<u>2021</u>	<u>2020</u>
Rent	\$ 40,000	\$ 40,000
Contributed goods and services	<u>152,330</u>	<u>471,649</u>
	<u>\$ 192,330</u>	<u>\$ 511,649</u>

The estimated fair value of the operating lease is expensed annually as in-kind donations on the statements of functional expenses and included in in-kind donations on the statements of activities.

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 L - 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, 2021 and 2020, the Organization received approximately 27% of its supports from two companies, respectively, on behalf of their employees who participate in the payroll deduction campaign and corporate contributions.

**Note M - 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, 2021 and 2020 the Organization contributed \$14,460 and \$14,384, respectively.

**Note N - 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, 2021 and 2020**

**Note N - Risk & Uncertainties (Continued)**

During 2020, the outbreak of the novel coronavirus disease 2019 ("COVID-19") was declared a United States and global pandemic. The Organization's operations have been generally impacted by the outbreak of COVID-19. Since the situation surrounding the pandemic is on-going, the duration, nature, and extent of the ultimate direct or indirect impact on the Organization's financial condition, liquidity, and/or future results of operations cannot be reasonably estimated at this time. Based on current circumstances, management believes the Organization has adequate financial resources and the liquidity to continue to sustain operations throughout the pandemic and for a period of at least one year beyond the date the accompanying financial statements were available to be issued.

**Note O - 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, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Common stock	\$ 374,899	\$ -	\$ -	\$ 374,899
Money market funds	11,048	-	-	11,048
US treasury obligations	213,242	-	-	213,242
Mutual funds				
Fixed income	107,797	-	-	107,797
Alternative investments	33,396	-	-	33,396
	<u>\$ 740,382</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 740,382</u>
Beneficial interest in assets held by community foundations	<u>\$ -</u>	<u>\$ 127,367</u>	<u>\$ -</u>	<u>\$ 127,367</u>

**Butler County United Way**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2021 and 2020**

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

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Common stock	\$ 202,761	\$ -	\$ -	\$ 202,761
Money market funds	80,393	-	-	80,393
US Treasury obligations	213,610	-	-	213,610
Mutual funds				
Fixed income	74,699	-	-	74,699
Alternative investments	21,415	-	-	21,415
	<u>\$ 592,878</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 592,878</u>
Beneficial interest in assets held by community foundations	<u>\$ -</u>	<u>\$ 100,634</u>	<u>\$ -</u>	<u>\$ 100,634</u>

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.

*US treasuries obligations:* Valued based on amortized cost which equates to fair value.

*Money market funds:* Valued 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.

**Note P - 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.

**Butler County United Way**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2021 and 2020**

**Note P - Liquidity and Availability (Continued)**

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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 222,234	\$ 252,624
Pledges receivable, net	593,826	691,157
Investments, at fair value	527,140	379,268
Beneficial interest in assets held by others	127,367	100,634
Board designated investments	<u>213,242</u>	<u>213,610</u>
 Total financial assets	 1,683,809	 1,637,293
 Less those unavailable for general expenditures within one year, due to		
Allocations	(787,073)	(837,901)
Designations to other United Ways	(61,686)	(49,353)
Restricted by donor with time or purpose restrictions	(50,000)	(60,750)
Board designations		
Required operating reserve	<u>(213,242)</u>	<u>(213,610)</u>
	<u>\$ 571,808</u>	<u>\$ 475,679</u>

**Note Q - Subsequent Events**

In the fall of 2021, the United Way Worldwide reassigned zip codes from the City of Middletown area from United Way of Greater Cincinnati to the Organization. The Organization will be responsible for the 2021-22 campaign year. The United Way of Greater Cincinnati will be responsible for the previous campaign collections and related agency allocations. As of the date of the independent auditor's report, the financial impact to the Organization is unknown.