

**Butler County United Way**  
**Financial Statements**  
**Years Ended June 30, 2020 and 2019**

**Butler County United Way  
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Years Ended June 30, 2020 and 2019**

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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, 2020 and 2019, 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, 2020 and 2019, 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.

*MCM CPAs & Advisors LLP*

Cincinnati, Ohio

November 19, 2020

**Butler County United Way**  
**Statements of Financial Position**  
**June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 252,624	\$ 241,242
Pledges receivable, net	<u>691,157</u>	<u>741,973</u>
Total current assets	943,781	983,215
Property and equipment, net	13,677	17,204
Noncurrent assets		
Investments, at fair value	379,268	323,686
Beneficial interest in assets held by others	100,634	107,972
Restricted cash-fiscal agent	62,355	-
Board designated investments	<u>213,610</u>	<u>209,810</u>
Total noncurrent assets	<u>755,867</u>	<u>641,468</u>
Total assets	<u>\$ 1,713,325</u>	<u>\$ 1,641,887</u>
<b>Liabilities and net assets</b>		
Current liabilities		
Current portion of long-term debt	\$ 27,540	\$ -
Accounts payable	19,507	12,449
Allocations and designations payable	837,901	902,708
Designations payable to other United Way organizations	<u>49,353</u>	<u>47,436</u>
Total current liabilities	934,301	962,593
Due to others - fiscal agent	62,355	-
Long-term debt	<u>43,255</u>	<u>-</u>
Total long-term liabilities	105,610	-
Net assets		
Board designated - required operating reserve	213,610	209,810
Undesignated	<u>399,054</u>	<u>406,259</u>
Total without donor restrictions	612,664	616,069
With donor restrictions	<u>60,750</u>	<u>63,225</u>
Total net assets	<u>673,414</u>	<u>679,294</u>
Total liabilities and net assets	<u>\$ 1,713,325</u>	<u>\$ 1,641,887</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 loss 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 Activities  
Year Ended June 30, 2019**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<b>Public support</b>			
Gross campaign results	\$ 1,744,186	\$ 13,225	\$ 1,757,411
Less donor designations	477,187	-	477,187
Less provision for uncollectible pledges receivable	<u>170,000</u>	<u>-</u>	<u>170,000</u>
Net campaign revenue	1,096,999	13,225	1,110,224
<b>Other revenue</b>			
Net realized and unrealized gain on investments	22,044	-	22,044
Interest and dividends	18,744	-	18,744
Change in fair value of beneficial interest in assets held by others	6,177	-	6,177
Other revenue	8,223	-	8,223
Special events, net	(414)	-	(414)
In-kind donations	<u>153,869</u>	<u>-</u>	<u>153,869</u>
Total other revenue	208,643	-	208,643
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and other revenue	1,305,642	13,225	1,318,867
<b>Expenses</b>			
Program services	1,038,708	-	1,038,708
<b>Supporting services</b>			
Management and general	84,899	-	84,899
Resource development	250,938	-	250,938
United Way Worldwide dues	<u>16,170</u>	<u>-</u>	<u>16,170</u>
Total supporting services	<u>352,007</u>	<u>-</u>	<u>352,007</u>
Total expenses	<u>1,390,715</u>	<u>-</u>	<u>1,390,715</u>
Change in net assets	(85,073)	13,225	(71,848)
Net assets, beginning of year	<u>701,142</u>	<u>50,000</u>	<u>751,142</u>
Net assets, end of year	<u>\$ 616,069</u>	<u>\$ 63,225</u>	<u>\$ 679,294</u>

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	1,504	593	1,084	14,046	15,723	17,227
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**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2019**

	Program services			Supporting services				Total expenses
	Allocations	Community impact	Total	Management and general	Resource development	UWW dues	Total	
Compensation	\$ -	\$ 182,539	\$ 182,539	\$ 34,815	\$ 132,540	\$ -	\$ 167,355	\$ 349,894
Employer payroll taxes	-	14,223	14,223	2,254	10,328	-	12,582	26,805
Employee benefits	-	34,389	34,389	6,152	23,533	-	29,685	64,074
<b>Total personnel expenses</b>	<b>-</b>	<b>231,151</b>	<b>231,151</b>	<b>43,221</b>	<b>166,401</b>	<b>-</b>	<b>209,622</b>	<b>440,773</b>
Allocations to agencies	578,572	-	578,572	-	-	-	-	578,572
Awards/incentives	-	1,426	1,426	2,415	1,058	-	3,473	4,899
Bank fees	-	-	-	6,147	-	-	6,147	6,147
Conference and meeting	-	4,733	4,733	1,156	3,566	-	4,722	9,455
Depreciation	-	1,410	1,410	478	1,323	-	1,801	3,211
Equipment maintenance and rental	-	20,366	20,366	4,545	15,359	-	19,904	40,270
In-kind donations	-	135,269	135,269	3,160	15,440	-	18,600	153,869
Marketing/campaign expense	-	19,404	19,404	4,670	14,938	-	19,608	39,012
Membership dues	-	910	910	388	853	16,170	17,411	18,321
Miscellaneous	-	46	46	-	-	-	-	46
Occupancy	-	14,349	14,349	2,958	10,911	-	13,869	28,218
Postage	-	956	956	212	716	-	928	1,884
Professional/consultant fees	-	16,848	16,848	8,087	12,995	-	21,082	37,930
Special events	-	-	-	13,899	-	-	13,899	13,899
Supplies	-	1,905	1,905	873	1,423	-	2,296	4,201
Telephone	-	8,837	8,837	5,165	5,643	-	10,808	19,645
Travel	-	2,526	2,526	1,424	312	-	1,736	4,262
<b>Total expenses before special events</b>	<b>578,572</b>	<b>460,136</b>	<b>1,038,708</b>	<b>98,798</b>	<b>250,938</b>	<b>16,170</b>	<b>365,906</b>	<b>1,404,614</b>
Less: special events netted with revenues	-	-	-	13,899	-	-	13,899	13,899
<b>Total expenses</b>	<b>\$ 578,572</b>	<b>\$ 460,136</b>	<b>\$ 1,038,708</b>	<b>\$ 84,899</b>	<b>\$ 250,938</b>	<b>\$ 16,170</b>	<b>\$ 352,007</b>	<b>\$ 1,390,715</b>

See accompanying notes.

**Butler County United Way**  
**Statements of Cash Flows**  
**Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Operating activities		
Change in net assets	\$ (5,880)	\$ (71,848)
Adjustments to reconcile change in net assets to net cash flows provided by (used in) provided by operating activities		
Depreciation	3,527	3,211
Net realized and unrealized losses (gains) on investments	3,668	(22,044)
Provision for uncollectible pledges and other receivables	140,000	170,000
Change in fair value of beneficial interest in assets held by others	(162)	(6,177)
Changes in operating assets and liabilities, net of acquired entity		
Pledges receivable	(89,184)	(32,756)
Accounts payable	7,058	63
Allocations and designations payable	(64,807)	(179,444)
Designations payable to other United Way organizations	1,917	18,050
Due to others - fiscal agent	62,355	-
	<u>58,492</u>	<u>(120,945)</u>
Net cash flows provided by (used in) operating activities	58,492	(120,945)
Investing activities		
Purchase of investment securities	(77,118)	(93,423)
Proceeds from sales of investments	21,568	277,335
	<u>(55,550)</u>	<u>183,912</u>
Net cash flows provided by (used in) investing activities	(55,550)	183,912
Financing activities		
Proceeds from debt (payroll protection program)	70,795	-
	<u>70,795</u>	<u>-</u>
Net cash flows provided by financing activities	70,795	-
Net change in cash and cash equivalents	73,737	62,967
Cash, cash equivalents and restricted cash, beginning of year	<u>241,242</u>	<u>178,275</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 314,979</u>	<u>\$ 241,242</u>
Reconciliation of cash, cash equivalents and restricted cash		
Cash and cash equivalents	\$ 252,624	\$ 241,242
Restricted cash-fiscal agent	<u>62,355</u>	<u>-</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 314,979</u>	<u>\$ 241,242</u>

See accompanying notes.

**Butler County United Way**  
**Notes to Financial Statements**  
**Years Ended June 30, 2020 and 2019**

**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.
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.

In November 2016, the FASB issued Accounting Standards Update ("ASU") 2016-18, *Statement of Cash Flows* (Topic 820). This standard requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning of the period and end of period total amounts shown on the statement of cash flows. The Organization has effectively adopted ASU 2016-18 and has adjusted the presentation of these statements accordingly. The ASU had no impact on previous periods presented.

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, and which may at times significantly exceed statement of financial position amounts due to outstanding checks.

**Butler County United Way**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2020 and 2019**

**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 Cash and Investments: Board designated cash and 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 investments and the related 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 \$511,649 and \$153,869 during the years ended June 30, 2020 and 2019, 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, 2020 and 2019 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 approximates 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, accounting principles generally accepted in the United States of America require 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, 2020 and 2019**

**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.

June 30, 2018	\$ 101,795
Change in fair value	<u>6,177</u>
June 30, 2019	107,972
Withdrawal	(7,500)
Change in fair value	<u>162</u>
June 30, 2020	<u><u>\$ 100,634</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, 2020 and 2019 the allocations and designations payable were \$837,901 and \$902,708.
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, 2020 and 2019, the Organization owed \$49,353 and \$47,436 to other United Way agencies.
14. Restricted and Undesignated Revenue: 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. 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.

On July 1, 2019, the Organization adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard assists in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions), and in determining whether a contribution is conditional. Adoption of this standard did not change how the Organization recognizes contribution revenue. The Organization noted no financial impact on the financial statements as a result of the adoption of the aforementioned amended guidance.

**Butler County United Way**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2020 and 2019**

**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 statement 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, 2020 and 2019 marketing and campaign expense totaled \$16,474 and \$39,012, respectively.
17. Tax Status: The Organization is exempt from federal, state and local income taxes under the provisions 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 May 2014, FASB issued Accounting Standards Update No. 2014-09 ("ASU 2014-09"), *Revenue from Contracts with Customers* ("Topic 606"). ASU 2014-09 supersedes the revenue recognition guidance in Topic 605, Revenue Recognition. The core principle of this guidance is that an entity should recognize revenue to depict the transfer of promised goods and 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. This standard was effective for calendar year ending June 30, 2020. However, the FASB issued ASU 2020-05, dated June 2020, allowing organizations to defer implementation of ASU 2014-09 for one year and the Organization determined it would elect this deferral and implement this ASU for the year ended June 30, 2021. The Organization evaluated the adoption of ASU 2014-09 on the financial statements and did not record any material impact from the adoption of ASU 2014-09 effective July 1, 2020.

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 ASU 2016-02 on the financial statements.

19. Reclassifications: Certain reclassifications have been made to prior year balances to conform with current year presentation.
20. 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.

**Butler County United Way**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2020 and 2019**

**Note C - Programs and Activities (Continued)**

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 2019 campaign year, volunteers from the community led the annual campaign which generated more than \$1,600,000 in pledged gifts from individuals and corporations. An additional 4,800 volunteers logged in over 28,550 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>2020</u>		<u>2019</u>	
Pledges receivable				
2019 campaign pledges	\$ 760,241		\$ -	
2018 campaign pledges	173,916		823,222	
2017 campaign pledges	<u>-</u>		<u>118,926</u>	
	\$ 934,157		\$ 942,148	
		% of		% of
		respective		respective
		campaign		campaign
		year		year
		<u>          </u>		<u>          </u>
Less allowance for uncollectable receivables				
2019 campaign pledges	\$ (69,084)	9.09%	\$ -	
2018 campaign pledges	(173,916)	100.00%	(81,249)	9.87%
2017 campaign pledges	<u>-</u>		<u>(118,926)</u>	100.00%
	<u>\$ (243,000)</u>		<u>\$ (200,175)</u>	
Pledges receivable, net	<u>\$ 691,157</u>		<u>\$ 741,973</u>	

Pledges are reported as a receivable for one year or until paid. 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. Any unpaid pledge greater than twelve months is considered uncollectible and is written off to the allowance for uncollectible receivables.

**Butler County United Way**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2020 and 2019**

**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:

	2020		2019	
	Cost	Fair value	Cost	Fair value
Investments				
Common stock	\$ 151,498	\$ 202,761	\$ 145,369	\$ 194,221
Money market funds	80,393	80,393	40,968	40,968
US Treasury obligations	213,086	213,610	209,073	209,810
Mutual funds				
Fixed income	74,926	74,699	64,926	64,690
Alternative investments	24,040	21,415	24,040	23,807
	<u>\$ 543,943</u>	<u>\$ 592,878</u>	<u>\$ 484,376</u>	<u>\$ 533,496</u>

Amounts are identified on the Statement of Financial Position as follow:

	2020	2019
Investments, at fair value	\$ 379,268	\$ 323,686
Board designated investments	213,610	209,810
	<u>\$ 592,878</u>	<u>\$ 533,496</u>

Investment income consists of the following:

	2020	2019
Realized gains	\$ 236	\$ 38,657
Unrealized losses	(185)	(13,245)
Investment advisory expenses	(3,719)	(3,368)
	<u>(3,668)</u>	<u>22,044</u>
Net realized and unrealized (losses) gains		
Interest and dividends	11,752	18,744
	<u>\$ 8,084</u>	<u>\$ 40,788</u>



**Butler County United Way**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2020 and 2019**

**Note F - Property and Equipment**

Property and equipment consist of the following:

	<u>2020</u>	<u>2019</u>
Equipment	\$ 127,204	\$ 127,204
Leasehold improvements	<u>389,356</u>	<u>389,356</u>
	516,560	516,560
Less accumulated depreciation	<u>502,883</u>	<u>499,356</u>
	<u><u>\$ 13,677</u></u>	<u><u>\$ 17,204</u></u>

Depreciation expense for the year ended June 30, 2020 and 2019 totaled \$3,527 and \$3,211.

**Note G - Debt Obligations**

In May 2020, the Organization received proceeds of \$70,795 under the CARES Act of 2020 via the Payroll Protection Program. Under the terms of the program, the Organization can apply to have the loan forgiven based on actual payroll and other qualified costs for the covered period following the receipt of the proceeds. If the loan is not forgiven, the Organization will need to repay the loan in 24 months with interest at 1%. The current portion of the obligation due in 2021 is \$27,540. The remaining balance of \$42,255 has been classified as a long-term obligation on the statement of financial position.

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

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

	<u>2020</u>	<u>2019</u>
Hamilton Community Foundation fund	\$ 50,000	\$ 50,000
Time restriction - campaign revenues for future periods	<u>10,750</u>	<u>13,225</u>
	<u><u>\$ 60,750</u></u>	<u><u>\$ 63,225</u></u>

During the years ended June 30, 2020 and 2019, net assets of \$13,225 and \$0, respectively, were released from donor time restrictions.

**Note I - Special Events**

Special events provided revenues and expenses as follows:

	<u>2020</u>	<u>2019</u>
Gross revenues	\$ 139	\$ 13,485
Direct expenses	<u>(235)</u>	<u>(13,899)</u>
Special events, net	<u><u>\$ (96)</u></u>	<u><u>\$ (414)</u></u>

**Butler County United Way**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2020 and 2019**

**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.

**Note K - In-kind Donations**

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

	<u>2020</u>	<u>2019</u>
Rent	\$ 40,000	\$ 40,000
Contributed goods and services	<u>471,649</u>	<u>113,869</u>
	<u>\$ 511,649</u>	<u>\$ 153,869</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 generally accepted accounting principles 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.

The Organization received approximately 27% of its support from two companies for the year ended June 30, 2020, and 14% of its support from one company for the year ended June 30, 2019, 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, 2020 and 2019 the Organization contributed \$14,384 and \$16,697, 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.

**Butler County United Way**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2020 and 2019**

**Note N - Risks and Uncertainties (Continued)**

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

**Note 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, 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>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Common stock	\$ 194,221	\$ -	\$ -	\$ 194,221
Money market funds	40,968	-	-	40,968
US Treasury obligations	209,810	-	-	209,810
Mutual funds				
Fixed income	64,690	-	-	64,690
Alternative investments	23,807	-	-	23,807
	<u>\$ 533,496</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 533,496</u>
Beneficial interest in assets held by community foundations	<u>\$ -</u>	<u>\$ 107,972</u>	<u>\$ -</u>	<u>\$ 107,972</u>

**Butler County United Way**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2020 and 2019**

**Note O - 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 reposted 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.

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.

	2020	2019
Cash and cash equivalents	\$ 252,624	\$ 241,242
Pledges receivable, net	691,157	741,973
Investments, at fair value	379,268	323,686
Beneficial interest in assets held by others	100,634	107,972
Board designated investments	213,610	209,810
Total financial assets	1,637,293	1,624,683
Less those unavailable for general expenditures within one year, due to		
Allocations	(837,901)	(902,708)
Designations to other United Ways	(49,353)	(47,436)
Restricted by donor with time or purpose restrictions	(60,750)	(63,225)
Board designations		
Required operating reserve	(213,610)	(209,810)
	\$ 475,679	\$ 401,504

**Butler County United Way**  
**Notes to Financial Statements (Continued)**  
**Years Ended June 30, 2020 and 2019**

**Note Q - Covid-19**

In March 2020, the World Health Organization declared the global novel coronavirus disease 2019 ("COVID -19") outbreak a pandemic. Further, the United States Centers for Disease Control and Prevention confirmed the spread of the disease throughout the United States. As of the date the accompanying consolidated financial statements were available to be issued, the Organization's operations have not been significantly impacted by the COVID-19 outbreak. The Organization's operations could be adversely affected as a result of COVID-19, but the impact is not known at this point as the scale and severity of the outbreak, and resulting economic impact, is still largely unknown.