

HEART OF INDIANA UNITED WAY, INC.
MUNCIE, INDIANA

FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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WHITINGER & COMPANY^{LLC}
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Heart of Indiana United Way, Inc.
Muncie, Indiana

OPINION

We have audited the accompanying financial statements of Heart of Indiana United Way, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024 and 2023, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Heart of Indiana United Way, Inc. as of June 30, 2024 and 2023, 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. 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 Heart of Indiana United Way, Inc. 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.

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 Heart of Indiana United Way, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Heart of Indiana United Way, Inc.'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 Heart of Indiana United Way, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Certified Public Accountants
Muncie, Indiana

June 3, 2025

FINANCIAL STATEMENTS

1.

HEART OF INDIANA UNITED WAY, INC.STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents, current	\$ 471,264	\$ 892,558
Pledges receivable, net of allowance for uncollectible pledges of \$211,625 in 2024 and \$354,600 in 2023	399,759	424,471
Spendable balance of beneficial interest receivable	35,344	35,104
Due from U.S. Treasury, federal employee retention credit	22,000	22,000
Accrued interest	129	215
Prepaid expense	<u>26,403</u>	<u>26,513</u>
Total Current Assets	<u>\$ 954,899</u>	<u>\$ 1,400,861</u>
PROPERTY AND EQUIPMENT		
Operating lease right-of-use assets, net of amortization	<u>\$ 43,598</u>	<u>\$ 79,860</u>
Land and improvements	\$ 23,493	\$ 23,493
Building and improvements	124,886	117,287
Furniture and fixtures	<u>64,282</u>	<u>57,734</u>
	\$ 212,661	\$ 198,514
Less accumulated depreciation	<u>(82,730)</u>	<u>(72,035)</u>
	<u>\$ 129,931</u>	<u>\$ 126,479</u>
Total Property and Equipment, Net	<u>\$ 173,529</u>	<u>\$ 206,339</u>
OTHER ASSETS		
Cash and cash equivalents, held for long-term purposes	\$ 314,799	\$ 205,995
Deposits	200	200
Investments	2,775,860	2,615,684
Beneficial interest in assets held by foundations	<u>963,852</u>	<u>911,563</u>
Total Other Assets	<u>\$ 4,054,711</u>	<u>\$ 3,733,442</u>
Total Assets	<u><u>\$ 5,183,139</u></u>	<u><u>\$ 5,340,642</u></u>

See accompanying Notes to Financial Statements.

	2024	2023
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 5,309	\$ 7,103
Operating lease liabilities, current portion	36,225	36,512
Allocations payable	747,388	1,076,450
Designations payable	225,432	247,132
Accrued wages and payroll liabilities	15,809	21,385
Accrued vacation	52,262	35,796
Accrued expenses	33,730	36,802
Total Current Liabilities	<u>\$ 1,116,155</u>	<u>\$ 1,461,180</u>
LONG-TERM LIABILITIES		
Operating lease liabilities	\$ 44,357	\$ 80,573
Less current portion	<u>(36,225)</u>	<u>(36,512)</u>
Total Long-Term Liabilities	<u>\$ 8,132</u>	<u>\$ 44,061</u>
Total Liabilities	<u>\$ 1,124,287</u>	<u>\$ 1,505,241</u>
NET ASSETS		
Without donor restrictions		
Undesignated	\$ 1,788,528	\$ 1,574,466
Designated by board for quasi-endowment	950,000	950,000
	<u>\$ 2,738,528</u>	<u>\$ 2,524,466</u>
With donor restrictions		
Subject to purpose and time restrictions	\$ 356,472	\$ 399,372
Perpetual in nature	963,852	911,563
	<u>\$ 1,320,324</u>	<u>\$ 1,310,935</u>
Total Net Assets	<u>\$ 4,058,852</u>	<u>\$ 3,835,401</u>
Total Liabilities and Net Assets	<u><u>\$ 5,183,139</u></u>	<u><u>\$ 5,340,642</u></u>

3.

HEART OF INDIANA UNITED WAY, INC.STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024		
	Without Donor Restrictions	With Donor Restrictions	Totals
SUPPORT AND REVENUE			
Gross campaign results	\$ 1,238,096	\$ 41,673	\$ 1,279,769
Donor designations	(141,235)		(141,235)
Provision for uncollectible pledges	(52,037)		(52,037)
Net Campaign Results	\$ 1,044,824	\$ 41,673	\$ 1,086,497
Designations from other United Ways	8,979		8,979
Service fees	41,426		41,426
Grants	332,005	606,073	938,078
In-kind contributions	20,226		20,226
Special events	84,310		84,310
Return on investments	310,290		310,290
Distributions and change in beneficial interest in assets held by foundations	14,403	52,529	66,932
Loss on disposal of assets			
Miscellaneous income	58,659		58,659
Total Support and Revenue	\$ 1,915,122	\$ 700,275	\$ 2,615,397
NET ASSETS RELEASED FROM RESTRICTIONS	\$ 690,886	\$ (690,886)	
EXPENSES			
Net funds distributed	\$ 710,000		\$ 710,000
Other program services	1,180,894		1,180,894
Total Program Services	\$ 1,890,894		\$ 1,890,894
Management and general	\$ 183,834		\$ 183,834
Fundraising	292,020		292,020
Unallocated payments to affiliate	25,198		25,198
Total Support Services	\$ 501,052		\$ 501,052
Total Expenses	\$ 2,391,946		\$ 2,391,946
CHANGE IN NET ASSETS	\$ 214,062	\$ 9,389	\$ 223,451
NET ASSETS, BEGINNING OF YEAR	2,524,466	1,310,935	3,835,401
NET ASSETS, END OF YEAR	\$ 2,738,528	\$ 1,320,324	\$ 4,058,852

See accompanying Notes to Financial Statements.

2023			
Without Donor Restrictions	With Donor Restrictions	Totals	Change
\$ 1,670,422	\$ 193,377	\$ 1,863,799	\$ (584,030)
(61,524)		(61,524)	(79,711)
(62,468)		(62,468)	10,431
<u>\$ 1,546,430</u>	<u>\$ 193,377</u>	<u>\$ 1,739,807</u>	<u>\$ (653,310)</u>
6,867		6,867	2,112
55,128		55,128	(13,702)
66,774	491,242	558,016	380,062
15,000		15,000	5,226
69,909		69,909	14,401
215,520		215,520	94,770
106,739	27,904	134,643	(67,711)
(2,127)		(2,127)	2,127
40,149	1,216	41,365	17,294
<u>\$ 2,120,389</u>	<u>\$ 713,739</u>	<u>\$ 2,834,128</u>	<u>\$ (218,731)</u>
<u>\$ 688,981</u>	<u>\$ (688,981)</u>		
\$ 1,050,903		\$ 1,050,903	\$ (340,903)
1,189,793		1,189,793	(8,899)
<u>\$ 2,240,696</u>		<u>\$ 2,240,696</u>	<u>\$ (349,802)</u>
\$ 228,344		\$ 228,344	\$ (44,510)
312,591		312,591	(20,571)
25,189		25,189	9
<u>\$ 566,124</u>		<u>\$ 566,124</u>	<u>\$ (65,072)</u>
<u>\$ 2,806,820</u>		<u>\$ 2,806,820</u>	<u>\$ (414,874)</u>
\$ 2,550	\$ 24,758	\$ 27,308	<u>\$ 196,143</u>
<u>2,521,916</u>	<u>1,286,177</u>	<u>3,808,093</u>	
<u>\$ 2,524,466</u>	<u>\$ 1,310,935</u>	<u>\$ 3,835,401</u>	

5.

HEART OF INDIANA UNITED WAY, INC.

STATEMENT OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants and contributions	\$ 2,411,050	\$ 2,621,074
Cash paid for designations and allocations	(1,238,820)	(1,301,627)
Cash paid to suppliers and employees	(1,643,167)	(1,579,636)
Interest received	82,626	86,420
Net Cash Used For Operating Activities	<u>\$ (388,311)</u>	<u>\$ (173,769)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	\$ (14,146)	
Interest reinvested in certificates of deposit		\$ (132)
Cash received from certificates of deposit		145,617
Purchase of investments	(51,129)	(98,957)
Proceeds from sale of investments	141,096	529,047
Net Cash Provided By Investing Activities	<u>\$ 75,821</u>	<u>\$ 575,575</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>\$ (312,490)</u>	<u>\$ 401,806</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,098,553</u>	<u>696,747</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 786,063</u></u>	<u><u>\$ 1,098,553</u></u>
CASH AND CASH EQUIVALENTS AS PRESENTED IN THE STATEMENT OF FINANCIAL POSITION		
Cash and cash equivalents, current	\$ 471,264	\$ 892,558
Cash and cash equivalents, held for long-term purposes	314,799	205,995
	<u><u>\$ 786,063</u></u>	<u><u>\$ 1,098,553</u></u>

See accompanying Notes to Financial Statements.

RECONCILIATION OF CHANGE IN NET ASSETS TO
NET CASH USED FOR OPERATING ACTIVITIES

	2024	2023
CHANGE IN NET ASSETS	<u>\$ 223,451</u>	<u>\$ 27,308</u>
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH USED FOR OPERATING ACTIVITIES		
Depreciation expense	\$ 10,695	\$ 8,133
Difference between operating lease liability payment and right-of-use asset amortization	45	713
Loss on disposal of assets		2,127
Realized (gain) loss on sale of investments	(27,896)	53,622
Unrealized gain on investments	(222,247)	(205,164)
Cash flows provided by (used for) asset changes:		
Pledges receivable	167,687	187,459
Allowance for uncollectible pledges	(142,975)	(131,169)
Spendable balance of beneficial interest in assets held	(240)	(576)
Due from U.S. Treasury		107,706
Accrued interest	86	173
Prepaid expense	110	12,677
Deposits		(200)
Beneficial interest in assets held by foundations	(52,289)	(27,328)
Cash flows provided by (used for) liability changes:		
Accounts payable	(1,794)	3,698
Allocations payable	(329,062)	(100,611)
Designations payable	(21,700)	(150,113)
Accrued wages and payroll liabilities	(5,576)	5,249
Accrued vacation	16,466	(1,825)
Accrued expenses	(3,072)	34,352
Total Adjustments	<u>\$ (611,762)</u>	<u>\$ (201,077)</u>
NET CASH USED FOR OPERATING ACTIVITIES	<u><u>\$ (388,311)</u></u>	<u><u>\$ (173,769)</u></u>

HEART OF INDIANA UNITED WAY, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2024 WITH COMPARATIVE TOTALS FROM JUNE 30, 2023

	Program Services	Management and General	Fundraising	Unallocated Payments to Affiliate	2024 Totals
Gross distributions	\$ 700,000				\$ 700,000
Discretionary funding	<u>10,000</u>				<u>10,000</u>
Net Funds Distributed	<u>\$ 710,000</u>				<u>\$ 710,000</u>
Salaries and wages	\$ 329,247	\$ 128,205	\$ 148,026		\$ 605,478
Payroll taxes and benefits	<u>217,236</u>	<u>23,447</u>	<u>34,589</u>		<u>275,272</u>
Total Personnel Costs	\$ 546,483	\$ 151,652	\$ 182,615		\$ 880,750
Campaign			21,472		21,472
Conferences, training, and meetings	26,268	473	1,000		27,741
Contract service fees	38,432				38,432
Depreciation	5,148	4,112	1,435		10,695
Equipment rental and maintenance	18,923	3,158	5,159		27,240
Program expense	324,297				324,297
Insurance	5,998	1,023	1,672		8,693
Marketing and advertising	34,094	1,283	2,527		37,904
Miscellaneous	42,394	2,276	5,390		50,060
Office supplies	3,013	437	749		4,199
Postage	1,971	294	791		3,056
Processing and accounting services	23,546	4,017	6,562		34,125
Professional fees	27,952	5,401	10,751		44,104
Rent	26,745	4,276	6,910		37,931
Repair and maintenance	4,956	845	1,381		7,182
Small equipment purchases	1,519	153	250		1,922
Special events	16,710	2	34,101		50,813
State and local association dues	11,706	1,945	3,177		16,828
Telephone	9,051	1,531	2,502		13,084
Travel	7,325	212	2,360		9,897
Utilities	2,811	479	783		4,073
Web page	1,552	265	433		2,250
Subtotal	<u>\$ 1,180,894</u>	<u>\$ 183,834</u>	<u>\$ 292,020</u>		<u>\$ 1,656,748</u>
United Way of America dues				\$ 25,198	25,198
Total Expenses	<u>\$ 1,890,894</u>	<u>\$ 183,834</u>	<u>\$ 292,020</u>	<u>\$ 25,198</u>	<u>\$ 2,391,946</u>

2023 Totals	Change
\$ 1,050,903	\$ (350,903)
	10,000
\$ 1,050,903	\$ (340,903)
\$ 623,607	\$ (18,129)
247,690	27,582
\$ 871,297	\$ 9,453
12,618	8,854
30,693	(2,952)
53,436	(15,004)
8,133	2,562
32,064	(4,824)
347,277	(22,980)
11,195	(2,502)
41,706	(3,802)
69,234	(19,174)
7,175	(2,976)
2,787	269
34,781	(656)
66,077	(21,973)
38,749	(818)
6,098	1,084
1,352	570
52,847	(2,034)
13,871	2,957
13,426	(342)
10,254	(357)
4,132	(59)
1,526	724
\$ 1,730,728	\$ (73,980)
25,189	9
\$ 2,806,820	\$ (414,874)

HEART OF INDIANA UNITED WAY, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2023

	Program Services	Management and General	Fundraising	Unallocated Payments to Affiliate	Total
Gross distributions	<u>\$ 1,050,903</u>				<u>\$ 1,050,903</u>
Net Funds Distributed	<u>\$ 1,050,903</u>				<u>\$ 1,050,903</u>
Salaries and wages	\$ 321,800	\$ 145,119	\$ 156,688		\$ 623,607
Payroll taxes and benefits	<u>164,480</u>	<u>42,284</u>	<u>40,926</u>		<u>247,690</u>
Total Personnel Costs	\$ 486,280	\$ 187,403	\$ 197,614		\$ 871,297
Campaign	3,304		9,314		12,618
Conferences, training, and meetings	29,499	457	737		30,693
Contract service fees	53,436				53,436
Depreciation	3,590	3,698	845		8,133
Equipment rental and maintenance	20,903	4,677	6,484		32,064
Program expense	347,108		169		347,277
Insurance	7,613	1,791	1,791		11,195
Marketing and advertising	31,396	1,237	9,073		41,706
Miscellaneous	63,520	3,115	2,599		69,234
Office supplies	5,461	837	877		7,175
Postage	2,043	372	372		2,787
Processing and accounting services	23,651	5,565	5,565		34,781
Professional fees	31,284	6,242	28,551		66,077
Rent	26,888	6,287	5,574		38,749
Repair and maintenance	3,895	1,286	917		6,098
Small equipment purchases	1,156	91	105		1,352
Special events	18,775	35	34,037		52,847
State and local association dues	9,669	2,101	2,101		13,871
Telephone	9,094	2,041	2,291		13,426
Travel	7,380	204	2,670		10,254
Utilities	2,810	661	661		4,132
Web page	1,038	244	244		1,526
Subtotal	<u>\$ 1,189,793</u>	<u>\$ 228,344</u>	<u>\$ 312,591</u>		<u>\$ 1,730,728</u>
United Way of America dues				\$ 25,189	25,189
Total Expenses	<u>\$ 2,240,696</u>	<u>\$ 228,344</u>	<u>\$ 312,591</u>	<u>\$ 25,189</u>	<u>\$ 2,806,820</u>

HEART OF INDIANA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

Heart of Indiana United Way, Inc. (the Organization) was formed in 1925 as a voluntary not-for-profit organization. The mission of Heart of Indiana United Way, Inc. is to provide leadership in developing and coordinating resources which enhance the general welfare of the citizens of the counties it serves. The Organization conducts year-round fundraising efforts to support programs, services, and agencies and is governed by a volunteer board of directors. Donations are solicited from the public in Delaware, Fayette, Henry, Madison, and Randolph Counties with grant funding provided to the various supported not-for-profit agencies in those counties that it serves.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization maintains its accounting on the accrual basis, and accordingly, reflects all significant receivables, payables, and other liabilities.

Financial Statement Presentation

The Organization prepares its financial statements in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). FASB ASC 958-10-65, *Presentation of Financial Statements of Not-for-Profit Entities*, establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories: "net assets with donor restrictions" and "net assets without donor restrictions".

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

HEART OF INDIANA UNITED WAY, INC.**NOTES TO FINANCIAL STATEMENTS****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***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 and cash equivalents.

Investments

The Organization will maintain certificates of deposits with local financial institutions having maturity dates that exceed three months. The Organization also holds assets invested with local community foundations and other outside financial advisors.

The local foundations combine all participating organizations' funds, which it manages, as a pooled fund. Investment earnings within the foundations' funds are distributed to the participants pro-rata based on the overall performance of the foundations' investments and the amount each organization has invested. The foundations' investment funds consist of various investments such as, alternative investments, equities, and equity and fixed income mutual funds.

The Organization's investments are recorded at fair value. The fair value of investments is generally determined based on quoted market prices, or estimated fair values, provided by external investment managers or other sources. Investment transactions held in the brokerage account are recorded on the trade date. Realized gains and losses on the sale of investments are calculated on the basis of specific identification on the securities sold. Realized and unrealized gains and losses are reflected in the statement of activities.

Leases

The Organization leases certain buildings and equipment. The determination of whether an arrangement is a lease is made at the lease's inception. Under FASB ASC 842, *Leases*, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in operating lease right-of-use ("ROU") assets, other current liabilities, and operating lease liabilities on the balance sheet.

HEART OF INDIANA UNITED WAY, INC.**NOTES TO FINANCIAL STATEMENTS****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***Leases (continued)*

ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate when it is readily determinable. Since most of the Organization's leases do not provide an implicit rate, to determine the present value of lease payments, management uses the risk-free discount rate available to non-public entities based on the information available at lease commencement.

Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise the option.

The Organization has lease agreements with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices. For certain equipment leases, the Organization accounts for the lease and non-lease components as a single lease. Additionally, for certain equipment leases, the Organization applies a portfolio approach to account for the operating lease ROU assets and liabilities.

Certain lease agreements include provisions for variable rent payments, which are adjusted periodically for inflation. None of the lease agreements contain any material residual value guarantees or restrictive covenants.

Property and Equipment

Property and equipment are stated at cost as of the date of purchase or, if donated, at the approximate fair market value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. It is generally the policy of the Organization to capitalize fixed assets over the amount of \$1,000.

Furniture and equipment are being depreciated using both the straight-line and double-declining-balance methods over their estimated useful lives of 5 to 10 years. Building and land improvements are being depreciated using the straight-line method over estimated useful lives of 15 to 40 years.

Depreciation expense for the year ended June 30, 2024 and 2023, was \$10,695 and \$8,133, respectively.

When assets are sold or disposed, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss on the disposition is reflected in activities. Expenditures toward maintenance and repairs are expensed when incurred. Expenditures that result in the enhancement of the value of the assets involved are treated as additions to property and equipment.

HEART OF INDIANA UNITED WAY, INC.**NOTES TO FINANCIAL STATEMENTS****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***Support, Revenue, and Pledges*

In accordance with FASB ASC 958, *Not-for-Profit Entities*, contributions received are recorded as support “with donor restrictions” and “without donor restrictions”, depending on the existence and/or nature of any donor restrictions. FASB ASC 605-205-15, *Accounting for Contributions Received and Made*, requires that “unconditional promises to give” be recorded as receivables and revenue; and requires the organization to distinguish between contributions received for each net asset category in accordance with donor restrictions.

Contributions are generally considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received as restricted by the donor for a specific purpose are reported as restricted until such time as the donor’s restriction expires. Restrictions are normally removed when the contributions are expended for the purpose restricted by the donor or the project for which the contributions were specifically donated is completed. When a donor stipulated time restriction ends, or a purpose restriction is accomplished, then the net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restriction.

Pledges for contributions are recorded as a receivable when the pledge is received. An allowance is provided for pledges which are determined to be uncollectible. Amounts received that are restricted by the donor for future periods, or for specific purposes, are reported as support with donor restrictions.

The allowance for uncollectible pledges is maintained at a level which, in management’s judgment, is adequate to absorb potential bad debts inherent with pledges receivable. The amount of the allowance is based on management’s evaluation of the collectability of the pledge’s receivable, trends in historical bad debt experience, and economic conditions, applied to gross campaign, including donor designations. The allowance is increased by a provision for uncollectible pledges, which is charged to expense and reduced by charge-offs, net of recoveries. Because of uncertainties inherent in the estimation process, management’s estimate of bad debts and the related allowance may change in the near-term. However, the amount of the change that is reasonably possible cannot be estimated.

Donated Services

During the years ended June 30, 2024 and 2023, a substantial number of volunteers have contributed significant amounts of their time to the Organization and its fundraising campaigns. These services do not meet the requirements for recognition in the financial statements in accordance with FASB ASC 958-605, *Accounting for Contributions Received and Contributions Made*, and are not included in the financial statements.

HEART OF INDIANA UNITED WAY, INC.**NOTES TO FINANCIAL STATEMENTS****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***Cost Deduction*

The Organization is committed to compliance with United Way of America's cost deduction requirements for recovering actual costs associated with processing and transferring designated funds.

Advertising

Advertising costs are expensed when incurred and are classified under the statement of functional expenses.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. The financial statements may report certain categories of expense that are attributed to more than one program or supporting function. Accordingly, certain costs have been allocated among program and supporting services benefited. Certain costs for personnel and office overhead costs, as well as fundraising costs, have been allocated among the programs and supporting services based upon the distribution of staff time.

Income Taxes

The Organization is a not-for-profit organization incorporated under the laws of the State of Indiana and is exempt from the payment of federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

The Organization's federal and state income tax returns are subject to examination by taxing authorities, generally for three years after they were filed.

Date of Management's Review

Management has evaluated subsequent events through the date on which the financial statements were made available to be issued. The date is the same as the independent auditor's report date.

Reclassifications

Certain prior year amounts have been reclassified to conform with current year presentation.

HEART OF INDIANA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2024 and 2023, are comprised as follows:

	2024	2023
Operating Financial Assets:		
Cash and cash equivalents (less donor restriction)	\$ 471,264	\$ 892,558
Pledges receivable, net of allowance for uncollectible pledges	399,759	424,471
Spendable balance of beneficial interest receivable	35,344	35,104
Due from U.S. Treasury	22,000	22,000
Investments	1,469,388	1,266,312
	<u>\$ 2,397,755</u>	<u>\$ 2,640,445</u>

Reconciliation of Net Assets Without Donor Restrictions to Financial Assets Available to Meet Cash Needs:

Undesignated net assets	\$ 1,788,528	\$ 1,574,466
Less:		
Accrued interest	(129)	(215)
Prepaid expense	(26,403)	(26,513)
Property and equipment, net	(173,529)	(206,339)
Cash, held for long-term purposes	(314,799)	(205,995)
Deposits	(200)	(200)
Add:		
Accounts payable	5,309	7,103
Allocations payable	747,388	1,076,450
Designations payable	225,432	247,132
Accrued wages and payroll liabilities	15,809	21,385
Accrued vacation	52,262	35,796
Accrued expenses	33,730	36,802
Operating lease liabilities	44,357	80,573
	<u>\$ 2,397,755</u>	<u>\$ 2,640,445</u>

The Organization's annual operating cash needs are determined during their budgeting process. Available cash balances are regularly monitored and evaluated by management. General expenditures include administration, fundraising, and program services that are expected to be paid in a subsequent year. Investments included in operating financial assets exclude the certificates of deposit with long-term maturities.

HEART OF INDIANA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

4. INVESTMENTS

The Organization's investments at June 30, 2024 and 2023, are as follows:

	<u>2024</u>	<u>2023</u>
United Way Stabilization Fund	\$ 721,884	\$ 745,491
Northwest Trust Services investments	624,365	591,438
Stifel investments	<u>1,429,611</u>	<u>1,278,755</u>
Total Investments	<u>\$ 2,775,860</u>	<u>\$ 2,615,684</u>

The Organization's investment returns for the years ended June 30, 2024 and 2023, are as follows:

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 82,540	\$ 86,247
Realized gain (loss) on investment	27,896	(53,622)
Unrealized gain on investment	222,247	205,164
Administrative and investment fees	<u>(22,393)</u>	<u>(22,269)</u>
Total Return on Investments	<u>\$ 310,290</u>	<u>\$ 215,520</u>

5. BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATIONS

The Organization retains beneficial interests held by two local community foundations. Five endowment funds are held by The Community Foundation of Muncie and Delaware County, Inc. and three endowment funds are held by the Madison County Community Foundation.

The five funds held by The Community Foundation of Muncie and Delaware County, Inc. were established by the Organization's Board of Directors at various times beginning in 1992. The foundation retained variance authority of all funds and, therefore, the beneficial interest is recorded as a perpetual donor restricted net asset. The Organization is specified as the beneficiary of future allocations based on the foundation's spending policy, which has allocated for the years 2022 through 2024 between 4.50% and 4.25% of a twelve-quarter rolling average of the fair value of the fund prior to the year of distribution. The foundation was granted the authority to vary the terms of the agreements.

The three funds held by the Madison County Community Foundation were established at various times beginning in 1995 through 2001. The funds are governed by designated endowment agreements in which the Organization is specified as the beneficiary of earnings as determined by the foundation's distribution policy. The foundation was granted the authority to vary the terms of the agreements.

HEART OF INDIANA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

5. BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATIONS (continued)

The Organization's Board of Directors has the ability to accept allocations or allow them to remain with the foundations. The spendable balance of allocations that remain with the foundations are recorded as assets without donor restrictions. Any change in the value of the beneficial interest in the funds is reported as an increase or decrease in net assets with donor restrictions.

The endowments were established to preserve a predictable stream of future cash flows to fund programs supported by the Organization while maintaining the purchasing power of the original investment. The foundations' return objectives are to maximize total return, net of inflation, spending and expenses, with prudent risk levels.

The change in endowment net assets for the year ended June 30, 2024, was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets, Beginning of Year	\$ 35,104	\$ 911,563	\$ 946,667
Contributions	66,657	10	66,667
Transfers	39,530	(39,530)	
Investment Return:			
Investment income, net of fees		19,574	19,574
Appreciation of investment		73,668	73,668
Grants	(105,947)	(1,433)	(107,380)
Net Assets, End of Year	<u>\$ 35,344</u>	<u>\$ 963,852</u>	<u>\$ 999,196</u>

HEART OF INDIANA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

5. BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATIONS (continued)

The change in endowment net assets for the years ended June 30, 2023, was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets, Beginning of Year	\$ 34,528	\$ 884,235	\$ 918,763
Contributions	71,825		71,825
Transfers	40,698	(40,698)	
Investment Return:			
Investment income, net of fees		4,019	4,019
Appreciation of investment		64,007	64,007
Grants	(111,947)		(111,947)
Net Assets, End of Year	<u>\$ 35,104</u>	<u>\$ 911,563</u>	<u>\$ 946,667</u>

The assets held by community foundations as of June 30, 2024 and 2023, are summarized as follows:

	2024	2023
Beneficial interest in assets held by:		
The Community Foundation of Muncie and Delaware County, Inc.	\$ 610,562	\$ 577,022
Madison County Community Foundation	353,290	334,541
	<u>\$ 963,852</u>	<u>\$ 911,563</u>
Spendable balance of beneficial interest receivable	35,344	35,104
	<u>35,344</u>	<u>35,104</u>
Total assets held by community foundations	<u>\$ 999,196</u>	<u>\$ 946,667</u>

HEART OF INDIANA UNITED WAY, INC.**NOTES TO FINANCIAL STATEMENTS****6. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The investments held in the United Way Stabilization Fund with the Community Foundation of Muncie and Delaware County, Inc. represent the Organization's proportionate share of the foundation's pooled investment portfolio (Level 3). The beneficial interest in assets held by the community foundations and the spendable balance of beneficial interest receivable are based on inputs provided by the trustees of the community foundations (Level 3). The investments held by Northwest Trust Services and Stifel use Level 1 inputs.

HEART OF INDIANA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

6. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Assets measured at fair value on a recurring basis at June 30, 2024 and 2023, are summarized below by the three levels of hierarchy:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2024				
United Way Stabilization Fund Investments	\$ 721,884			\$ 721,884
Northwest Trust Services	624,365	\$ 624,365		
Stifel	1,429,611	1,429,611		
Beneficial interest in assets held by foundations	963,852			963,852
Spendable balance of beneficial interest receivable	35,344			35,344
	<u>\$ 3,775,056</u>	<u>\$ 2,053,976</u>	<u>\$ - 0 -</u>	<u>\$ 1,721,080</u>
June 30, 2023				
United Way Stabilization Fund Investments	\$ 745,491			\$ 745,491
Northwest Trust Services	591,438	\$ 591,438		
Stifel	1,278,755	1,278,755		
Beneficial interest in assets held by foundations	911,563			911,563
Spendable balance of beneficial interest receivable	35,104			35,104
	<u>\$ 3,562,351</u>	<u>\$ 1,870,193</u>	<u>\$ - 0 -</u>	<u>\$ 1,692,158</u>

HEART OF INDIANA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

6. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The table below represents a reconciliation of activities classified in the statement of activities reflecting gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2024 and 2023:

	2024	2023
Beginning of year	\$ 1,692,158	\$ 1,613,519
Total Increases (Decreases) Included in Changes in Net Assets:		
Contributions	66,667	71,825
Interest and dividends	21,244	25,038
Realized gains (losses)	24,797	(925)
Unrealized gains - Stabilization Fund	72,014	51,159
Unrealized gains - beneficial interest	73,668	64,007
Grants paid	(207,380)	(111,947)
Investment expense	(22,088)	(20,518)
End of year	<u>\$ 1,721,080</u>	<u>\$ 1,692,158</u>

7. PLEDGES RECEIVABLE

The pledges receivable balance at June 30, 2024 and 2023, is summarized as follows:

	Pledge Receivable	Allowance for Uncollectible Pledges	Net Balance
June 30, 2024			
2024 campaign due within one year	\$ 721	\$ - 0 -	\$ 721
2023 campaign due within one year	400,720	12,008	388,712
2022 campaign due within one year	79,909	69,583	10,326
2021 campaign due within one year	130,034	130,034	- 0 -
	<u>\$ 611,384</u>	<u>\$ 211,625</u>	<u>\$ 399,759</u>
June 30, 2023			
2023 campaign due within one year	\$ - 0 -	\$ - 0 -	\$ - 0 -
2022 campaign due within one year	411,610	29,554	382,056
2021 campaign due within one year	172,596	130,181	42,415
2020 campaign due within one year	194,865	194,865	- 0 -
	<u>\$ 779,071</u>	<u>\$ 354,600</u>	<u>\$ 424,471</u>

HEART OF INDIANA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

8. OPERATING LEASES

The Organization has various operating leases for real estate and equipment. The Organization also has certain leases with terms less than 12 months for which the Organization has elected to recognize in operating expense on the straight-line basis.

Most leases include one or more options to renew, with renewal terms that can extend the lease term from 1 to 10 years. Only lease options that the Organization believes are reasonably certain to exercise are included in the measurement of the lease assets and liabilities. Certain lease agreements include variable payments based on a percentage of use over contractual levels, which are not determinable at lease commencement and are not included in the measurement of the lease asset and liabilities. The Organization has elected to apply the short-term lease exception to any lease with a term of one year or less. Short-term lease costs do not reflect ongoing short-term lease commitments.

The following summarizes the income statement line items within the statement of functional expense for the years ended June 30, 2024 and 2023:

	2024	2023
Equipment rental and maintenance	\$ 1,524	\$ 1,524
Rent	37,931	38,749
Telephone	6,799	6,799
	<u>\$ 46,254</u>	<u>\$ 47,072</u>

The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2024:

Weighted average remaining lease term	1.30 years
Weighted average discount rate	0.52%

The maturities of operating lease liabilities as of June 30, were as follows:

Year Ending June 30	Amount
2025	\$ 36,225
2026	7,326
2027	1,016
	<u>\$ 44,567</u>
Less imputed interest	(210)
Present value of lease liabilities	<u>\$ 44,357</u>

HEART OF INDIANA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

9. DESIGNATIONS PAYABLE

The designations payable balance at June 30, 2024 and 2023, is summarized as follows:

	2024	2023
2023 Campaign	\$ 212,267	
2022 Campaign	13,165	\$ 244,522
2021 Campaign		101
2020 Campaign		2,509
	<u>\$ 225,432</u>	<u>\$ 247,132</u>

10. NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2024 and 2023, donor restricted net assets consist of:

	2024	2023
Perpetual endowment funds	\$ 963,852	\$ 911,563
UnitedIN22 grant	135,238	165,113
Grade Level Reading Coordinator grant	86,094	37,797
Indiana United Way grant for disaster recovery	93,467	
2-1-1 grant		3,085
Time restrictions	41,673	193,377
	<u>\$ 1,320,324</u>	<u>\$ 1,310,935</u>

HEART OF INDIANA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

11. NET ASSETS WITH DONOR RESTRICTIONS (continued)

During the years ended June 30, 2024 and 2023, donor restricted net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	2024	2023
UnitedIN20 grant		\$ 264,735
UnitedIN22 grant	\$ 99,183	96,507
Grade Level Reading Coordinator grant	56,703	20,203
Indiana United Way grant for disaster recovery	1,533	
2-1-1 grant	3,085	12,765
Covering Kids & Family grant	98,626	67,772
Dolly Parton's Imagination Library grant	127,139	50,000
Weatherization grant	22,500	38,000
COVID-19 grant	50,000	1,216
Early Learning	38,500	
Time restrictions	193,377	137,207
Other	240	576
	<u>\$ 690,886</u>	<u>\$ 688,981</u>

At June 30, 2024 and 2023, the “cash and cash equivalent, held for long-term purposes” balance on the statement of financial position included donor restricted net assets totaling \$314,799 and \$205,995, respectively.

12. DESCRIPTION OF PROGRAM SERVICES

Heart of Indiana United Way, Inc. unites donors, volunteers, and advocates to fight for the education, financial stability, and health of every person in every community. Across Delaware, Fayette, Henry, Madison, and Randolph Counties, over 40% of all households struggle. Many are working, yet living paycheck-to-paycheck and are at risk of sliding into poverty. Through collective impact strategies rooted in public knowledge and data, The Organization works to create sustainable, equitable change for people across the heart of Indiana.

Heart of Indiana United Way, Inc. works continuously to turn outward and ensure work is driven by community will. Through ongoing community conversations with people from all demographics, community members have clearly and repeatedly shared their hopes for: ensuring children’s success in school and life by protecting their right to read; emboldening families’ economic mobility with stronger systems of support; and ensuring the nonprofits providing basic needs supports are resilient. The Organization builds authentic relationships for collective impact. Together, staff, volunteers, donors, and advocates are reminding families of their power and sharing resources that foster success, as well as engaging communities around United Way’s work for greater outcomes.

HEART OF INDIANA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

13. IN-KIND CONTRIBUTIONS

During the years ended June 30, 2024 and 2023, the Organization has recorded the value of contributions meeting the requirements for recognition in the financial statements. In-kind contribution revenue is recognized as of June 30, as follows:

	2024	2023
Advertising	\$ 19,500	\$ 15,000
Other	726	
	<u>\$ 20,226</u>	<u>\$ 15,000</u>

14. RETIREMENT PLAN

The Organization has established a retirement plan under *Section 403(b)* of the *Internal Revenue Code*. The plan is funded through a combination of employee salary deferrals, employer matching contributions, and employer discretionary contributions. Employer matching percentage and discretionary contributions are determined by the Organization on an annual basis. The Organization's contributions were \$52,687 and \$49,781, respectively for the years ended June 30, 2024 and 2023.

15. CONCENTRATION OF CAMPAIGN PLEDGES

Substantially all of the Organization's pledges receivable, and support and revenue are derived from organizations and individuals who reside in the Indiana counties of Delaware, Fayette, Henry, Madison, and Randolph.

During the year ended June 30, 2024, campaign pledges were received from seven local contributors which were approximately 69% of the Organization's total current year gross campaign results. During the year ended June 30, 2023, campaign pledges were received from six local contributors which were approximately 43% of the Organization's total current year gross campaign results.

16. CONCENTRATION OF CREDIT RISKS

The Organization maintains several cash accounts and certificates of deposit at four financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC). At times, during the year ended June 30, 2024, the balances in these accounts may have exceeded the maximum insurable amount of \$250,000. At June 30, 2024, the Organization had accounts in excess of the \$250,000 FDIC threshold totaling \$430,846. The Organization has not experienced any losses.

The Organization's investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to the changes in the values of investments, it is at least reasonably possible that changes in risks in the near-term would materially affect the amount reported in the statement of financial position and the statement of activities.

HEART OF INDIANA UNITED WAY, INC.**NOTES TO FINANCIAL STATEMENTS****17. RELATED PARTIES**

The Organization provides financial support to affiliated organizations. It is possible throughout the year for an individual or individuals to serve on the Board of Directors of the Organization and to serve on the Board of Directors of an affiliated organization which receives financial support from the Organization.

18. ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES

The Organization has adopted guidelines in accordance with FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. A tax position is recognized as a benefit only if it is more likely than not that the tax position would be sustained in a tax examination. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For the tax positions not meeting the more likely than not test, no tax benefit is recorded. The adoption had no effect on the Organization's financial statements.

The Organization's federal and state income tax returns are subject to examination by taxing authorities, generally for three years after filing. The Organization does not expect the total amount of unrecognized tax benefits to significantly change in the next year.

The Organization recognizes interest and penalties related to income tax matters in income tax expense. The Organization did not have any amounts accrued for interest and penalties as of June 30, 2024 and 2023.