HEART OF INDIANA UNITED WAY, INC.

MUNCIE, INDIANA

FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	
FINANCIAL STATEMENTS	
Statement of Financial Position	1 - 2
Statement of Activities	3 - 4
Statement of Cash Flows	5 - 6
Statement of Functional Expenses	7 - 9
NOTES TO FINANCIAL STATEMENTS	10 - 26

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, 2025 and 2024, 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, 2025 and 2024, 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.

Whitinger & Company LLC

Certified Public Accountants
Muncie, Indiana

June 1, 2026

FINANCIAL STATEMENTS

1.

HEART OF INDIANA UNITED WAY, INC.

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents, current	$ 505,892	$ 471,264
Pledges receivable, net of allowance for uncollectible pledges of $83,511 in 2025, and $211,625 in 2024	440,344	399,759
Spendable balance of beneficial interest receivable	37,697	35,344
Due from U.S. Treasury, federal Employee Retention Credit	25,765	22,000
Prepaid expense	2,901	26,403
Total Current Assets	$ 1,012,599	$ 954,770
PROPERTY AND EQUIPMENT		
Operating lease right-of-use assets, net of amortization	$ 113,179	$ 43,598
Land and improvements	$ 23,493	$ 23,493
Building and improvements	166,985	124,886
Furniture and fixtures	61,081	64,282
	$ 251,559	$ 212,661
Less accumulated depreciation	(85,957)	(82,730)
	$ 165,602	$ 129,931
Total Property and Equipment, Net	$ 278,781	$ 173,529
OTHER ASSETS		
Cash and cash equivalents, held for long-term purposes	$ 243,992	$ 314,799
Deposits	2,700	200
Investments	2,939,549	2,775,860
Beneficial interest in assets held by foundations	1,025,715	963,852
Total Other Assets	$ 4,211,956	$ 4,054,711
Total Assets	$ 5,503,336	$ 5,183,010

See accompanying Notes to Financial Statements.

	2025	2024
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 886	$ 5,180
Operating lease liabilities, current portion	36,919	36,225
Allocations payable	700,000	747,388
Designations payable	140,998	225,432
Accrued wages and payroll liabilities	18,051	15,809
Accrued vacation	47,346	52,262
Accrued expenses	33,600	33,730
Total Current Liabilities	$ 977,800	$ 1,116,026
LONG-TERM LIABILITIES		
Operating lease liabilities	$ 116,455	$ 44,357
Less current portion	(36,919)	(36,225)
Total Long-Term Liabilities	$ 79,536	$ 8,132
Total Liabilities	$ 1,057,336	$ 1,124,158
NET ASSETS		
Without donor restrictions		
Undesignated	$ 2,158,027	$ 1,788,528
Designated by board for quasi-endowment	950,000	950,000
	$ 3,108,027	$ 2,738,528
With donor restrictions		
Subject to purpose and time restrictions	$ 312,258	$ 356,472
Perpetual in nature	1,025,715	963,852
	$ 1,337,973	$ 1,320,324
Total Net Assets	$ 4,446,000	$ 4,058,852
Total Liabilities and Net Assets	$ 5,503,336	$ 5,183,010

3.

HEART OF INDIANA UNITED WAY, INC.

STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025		
	Without Donor Restrictions	With Donor Restrictions	Totals
SUPPORT AND REVENUE			
Gross campaign results	$ 1,220,224	$ 68,266	$ 1,288,490
Donor designations	(161,640)		(161,640)
Provision for uncollectible pledges	(72,664)		(72,664)
Net Campaign Results	$ 985,920	$ 68,266	$ 1,054,186
Designations from other United Ways			
Service fees	33,467		33,467
Grants	335,000	848,852	1,183,852
In-kind contributions	15,000		15,000
Special events	52,251		52,251
Return on investments	364,469		364,469
Distributions and change in beneficial interest in assets held by foundations	18,229	64,215	82,444
Miscellaneous income	105,620		105,620
Total Support and Revenue	$ 1,909,956	$ 981,333	$ 2,891,289
NET ASSETS RELEASED FROM RESTRICTIONS	$ 963,684	$ (963,684)	
EXPENSES			
Net funds distributed	$ 643,247		$ 643,247
Other program services	1,389,800		1,389,800
Total Program Services	$ 2,033,047		$ 2,033,047
Management and general	$ 181,070		$ 181,070
Fundraising	264,551		264,551
Unallocated payments to affiliate	25,473		25,473
Total Support Services	$ 471,094		$ 471,094
Total Expenses	$ 2,504,141		$ 2,504,141
CHANGE IN NET ASSETS	$ 369,499	$ 17,649	$ 387,148
NET ASSETS, BEGINNING OF YEAR	2,738,528	1,320,324	4,058,852
NET ASSETS, END OF YEAR	$ 3,108,027	$ 1,337,973	$ 4,446,000

See accompanying Notes to Financial Statements.

2024			
Without Donor Restrictions	With Donor Restrictions	Totals	Change
$ 1,238,096	$ 41,673	$ 1,279,769	$ 8,721
(141,235)		(141,235)	(20,405)
(52,037)		(52,037)	(20,627)
$ 1,044,824	$ 41,673	$ 1,086,497	$ (32,311)
8,979		8,979	(8,979)
41,426		41,426	(7,959)
330,000	606,073	936,073	247,779
20,226		20,226	(5,226)
86,315		86,315	(34,064)
310,290		310,290	54,179
14,403	52,529	66,932	15,512
58,659		58,659	46,961
$ 1,915,122	$ 700,275	$ 2,615,397	$ 275,892
$ 690,886	$ (690,886)		
$ 710,000		$ 710,000	$ (66,753)
1,180,894		1,180,894	208,906
$ 1,890,894		$ 1,890,894	$ 142,153
$ 183,834		$ 183,834	$ (2,764)
292,020		292,020	(27,469)
25,198		25,198	275
$ 501,052		$ 501,052	$ (29,958)
$ 2,391,946		$ 2,391,946	$ 112,195
$ 214,062	$ 9,389	$ 223,451	$ 163,697
2,524,466	1,310,935	3,835,401	
$ 2,738,528	$ 1,320,324	$ 4,058,852	

5.

HEART OF INDIANA UNITED WAY, INC.

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants and contributions	$ 2,395,679	$ 2,411,050
Cash paid for designations and allocations	(958,872)	(1,238,820)
Cash paid to suppliers and employees	(1,654,268)	(1,643,167)
Interest received	98,983	82,626
Net Cash Used For Operating Activities	$ (118,478)	$ (388,311)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	$ (43,294)	$ (14,146)
Purchase of investments	(149,128)	(51,129)
Proceeds from sale of investments	274,721	141,096
Net Cash Provided By Investing Activities	$ 82,299	$ 75,821
NET DECREASE IN CASH AND CASH EQUIVALENTS	$ (36,179)	$ (312,490)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	786,063	1,098,553
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 749,884	$ 786,063
CASH AND CASH EQUIVALENTS AS PRESENTED IN THE STATEMENT OF FINANCIAL POSITION		
Cash and cash equivalents, current	$ 505,892	$ 471,264
Cash and cash equivalents, held for long-term purposes	243,992	314,799
	$ 749,884	$ 786,063

See accompanying Notes to Financial Statements.

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

	2025	2024
CHANGE IN NET ASSETS	$ 387,148	$ 223,451
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH USED FOR OPERATING ACTIVITIES		
Depreciation expense	$ 7,623	$ 10,695
Difference between operating lease liability payment and right-of-use asset amortization	2,517	45
Realized gain on sale of investments	(66,476)	(27,896)
Unrealized gain on investments	(222,806)	(222,247)
Cash flows provided by (used for) asset changes:		
Pledges receivable	75,521	167,687
Allowance for uncollectible pledges	(116,106)	(142,975)
Spendable balance of beneficial interest in assets held	(2,353)	(240)
Due from U.S. Treasury	(3,765)	
Prepaid expense	23,502	110
Deposits	(2,500)	
Beneficial interest in assets held by foundations	(61,863)	(52,289)
Cash flows provided by (used for) liability changes:		
Accounts payable	(4,294)	(1,708)
Allocations payable	(47,388)	(329,062)
Designations payable	(84,434)	(21,700)
Accrued wages and payroll liabilities	2,242	(5,576)
Accrued vacation	(4,916)	16,466
Accrued expenses	(130)	(3,072)
Total Adjustments	$ (505,626)	$ (611,762)
NET CASH USED FOR OPERATING ACTIVITIES	$ (118,478)	$ (388,311)

HEART OF INDIANA UNITED WAY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE TOTALS FROM JUNE 30, 2024

	Program Services	Management and General	Fundraising	Unallocated Payments to Affiliate	2025 Totals
Gross distributions	$ 624,512				$ 624,512
Discretionary funding	13,735				13,735
Emergency allocations	5,000				5,000
Net Funds Distributed	$ 643,247				$ 643,247
Salaries and wages	$ 380,416	$ 120,276	$ 129,849		$ 630,541
Payroll taxes and benefits	256,256	26,249	24,739		307,244
Total Personnel Costs	$ 636,672	$ 146,525	$ 154,588		$ 937,785
Campaign	11,032	1,766	23,802		36,600
Conferences, training, and meetings	19,595	130	626		20,351
Contract service fees	30,919				30,919
Depreciation	2,620	4,328	675		7,623
Equipment rental and maintenance	18,645	3,128	4,805		26,578
Program expense	462,407				462,407
Insurance	10,859	1,822	2,799		15,480
Marketing and advertising	21,202	731	2,278		24,211
Miscellaneous	35,771	2,692	3,419		41,882
Office supplies	3,033	375	576		3,984
Postage	1,873	253	668		2,794
Processing and accounting services	22,699	6,408	5,850		34,957
Professional fees	24,354	4,086	12,977		41,417
Rent	27,544	4,237	7,099		38,880
Repair and maintenance	5,706	957	1,471		8,134
Small equipment purchases	1,567	263	404		2,234
Special events	17,287		35,695		52,982
State and local association dues	10,700	1,319	2,026		14,045
Telephone	8,359	1,402	2,154		11,915
Travel	12,132	95	1,789		14,016
Utilities	2,688	451	693		3,832
Web page	2,136	102	157		2,395
Subtotal	$ 1,389,800	$ 181,070	$ 264,551		$ 1,835,421
United Way of America dues				$ 25,473	25,473
Total Expenses	$ 2,033,047	$ 181,070	$ 264,551	$ 25,473	$ 2,504,141

See accompanying Notes to Financial Statements.

2024 Totals	Change
$ 700,000	$ (75,488)
10,000	3,735
	5,000
$ 710,000	$ (66,753)
$ 605,478	$ 25,063
275,272	31,972
$ 880,750	$ 57,035
21,472	15,128
27,741	(7,390)
38,432	(7,513)
10,695	(3,072)
27,240	(662)
324,297	138,110
8,693	6,787
37,904	(13,693)
50,060	(8,178)
4,199	(215)
3,056	(262)
34,125	832
44,104	(2,687)
37,931	949
7,182	952
1,922	312
50,813	2,169
16,828	(2,783)
13,084	(1,169)
9,897	4,119
4,073	(241)
2,250	145
$ 1,656,748	$ 178,673
25,198	275
$ 2,391,946	$ 112,195

HEART OF INDIANA UNITED WAY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services	Management and General	Fundraising	Unallocated Payments to Affiliate	Total
Gross distributions	$ 700,000				$ 700,000
Discretionary funding	10,000				10,000
Net Funds Distributed	$ 710,000				$ 710,000
Salaries and wages	$ 329,247	$ 128,205	$ 148,026		$ 605,478
Payroll taxes and benefits	217,236	23,447	34,589		275,272
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	$ 1,180,894	$ 183,834	$ 292,020		$ 1,656,748
United Way of America dues				$ 25,198	25,198
Total Expenses	$ 1,890,894	$ 183,834	$ 292,020	$ 25,198	$ 2,391,946

See accompanying Notes to Financial Statements.

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 deposit 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 are managed by the foundations, 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 lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization 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, 2025 and 2024, was $7,623 and $10,695, 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

Contributions are recognized when cash, securities, other assets, or an unconditional promise to give is received. Contributions are reported as increases in net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of donor-imposed restrictions.

Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions.

When a donor-imposed time restriction expires or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Pledges receivable are stated at the amount management expects to collect from outstanding balances. The Organization records an allowance for expected credit losses based on historical collection experience, aging of receivables, current economic conditions, and other factors management believes are relevant in assessing the collectability of pledges receivable. Receivables are written off when deemed uncollectible.

Donated Services

During the years ended June 30, 2025 and 2024, 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 criteria for recognition under U.S. GAAP and are not included in the financial statements.

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.

HEART OF INDIANA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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, 2025 and 2024, are comprised as follows:

	2025	2024
Operating Financial Assets (less donor restriction):		
Cash and cash equivalents	$ 505,892	$ 471,264
Pledges receivable, net of allowance for uncollectible pledges	440,344	399,759
Spendable balance of beneficial interest receivable	37,697	35,344
Due from U.S. Treasury	25,765	22,000
Investments	1,677,291	1,469,388
	$ 2,686,989	$ 2,397,755
Reconciliation of Net Assets Without Donor Restrictions to Financial Assets Available to Meet Cash Needs:		
Undesignated net assets	$ 2,158,027	$ 1,788,528
Less:		
Prepaid expense	(2,901)	(26,403)
Property and equipment, net	(278,781)	(173,529)
Cash, held for long-term purposes	(243,992)	(314,799)
Deposits	(2,700)	(200)
Add:		
Accounts payable	886	5,180
Allocations payable	700,000	747,388
Designations payable	140,998	225,432
Accrued wages and payroll liabilities	18,051	15,809
Accrued vacation	47,346	52,262
Accrued expenses	33,600	33,730
Operating lease liabilities	116,455	44,357
	$ 2,686,989	$ 2,397,755

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 certificates of deposit with long-term maturities.

Although amounts designated by the Board for quasi-endowment purposes could be made available through Board action, the Organization does not intend to utilize those funds for general operating expenditures.

HEART OF INDIANA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

4. INVESTMENTS

The Organization's investments at June 30, 2025 and 2024, are as follows:

	2025	2024
United Way Stabilization Fund	$ 785,576	$ 721,884
Northwest Trust Services investments	663,946	624,365
Stifel investments	1,490,027	1,429,611
Total Investments	$ 2,939,549	$ 2,775,860

The Organization's investment returns for the years ended June 30, 2025 and 2024, are as follows:

	2025	2024
Interest and dividends	$ 98,983	$ 82,540
Realized gain on investment	66,476	27,896
Unrealized gain on investment	222,806	222,247
Administrative and investment fees	(23,796)	(22,393)
Total Return on Investments	$ 364,469	$ 310,290

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 2023 through 2025 between 4.30% and 4.15% 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 endowment funds were established to provide a predictable stream of funding to programs supported by the Organization while seeking to preserve the purchasing power of the endowment assets over time.

The Organization's endowment funds are held and administered by community foundations that maintain investment and spending policies designed to achieve long-term growth of endowment assets while providing current funding for program support.

Under the foundations' spending policies, annual distributions are generally determined based on a percentage of a rolling average of the fair value of the endowment funds. For 2025, the applicable spending rate was 4.15% of the average fair value of the funds over the most recent twelve calendar quarters preceding the distribution year.

In establishing spending rates, the foundations consider expected long-term investment returns, inflation, administrative expenses, market conditions, and preservation of capital. If the fair value of an endowed fund is less than the historic dollar value of donor contributions maintained in perpetuity, distributions may be reduced in accordance with the foundations' spending policies.

The foundations invest endowment assets in diversified portfolios designed to maximize total return within prudent risk parameters. Investment performance is evaluated on a total return basis, net of investment management fees and inflation.

The Organization has interpreted the Indiana Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of donor-restricted endowment funds absent explicit donor stipulations to the contrary.

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 year ended June 30, 2025, was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets, Beginning of Year	$ 35,344	$ 963,852	$ 999,196
Contributions	2,436		2,436
Transfers	27,126	(27,126)	
Investment Return:			
Investment income, net of fees		35,397	35,397
Appreciation of investment		53,592	53,592
Grants	(27,209)		(27,209)
Net Assets, End of Year	$ 37,697	$ 1,025,715	$ 1,063,412

The change in endowment net assets for the years 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	$ 35,344	$ 963,852	$ 999,196

HEART OF INDIANA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

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

The assets held by community foundations as of June 30, 2025 and 2024, are summarized as follows:

	2025	2024
Beneficial interest in assets held by:		
The Community Foundation of Muncie and Delaware County, Inc.	$ 640,675	$ 610,562
Madison County Community Foundation	385,040	353,290
	$ 1,025,715	$ 963,852
Spendable balance of beneficial interest receivable	37,697	35,344
Total assets held by community foundations	$ 1,063,412	$ 999,196

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, 2025 and 2024, 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, 2025				
United Way Stabilization Fund	$ 785,576			$ 785,576
Investments				
Northwest Trust Services	663,946	$ 663,946		
Stifel	1,490,027	1,490,027		
Beneficial interest in assets held by foundations	1,025,715			1,025,715
Spendable balance of beneficial interest receivable	37,697			37,697
	$ 4,002,961	$ 2,153,973	$ - 0 -	$ 1,848,988
June 30, 2024				
United Way Stabilization Fund	$ 721,884			$ 721,884
Investments				
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
	$ 3,775,056	$ 2,053,976	$ - 0 -	$ 1,721,080

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, 2025 and 2024:

	2025	2024
Beginning of year	$ 1,721,080	$ 1,692,158
Total Increases (Decreases) Included in Changes in Net Assets:		
Contributions	2,436	66,667
Interest and dividends	47,157	21,244
Realized gains	24,433	24,797
Unrealized gains - Stabilization Fund	50,539	72,014
Unrealized gains - beneficial interest	53,592	73,668
Grants paid	(27,209)	(207,380)
Investment expense	(23,040)	(22,088)
End of year	$ 1,848,988	$ 1,721,080

7. PLEDGES RECEIVABLE

The pledges receivable balance at June 30, 2025 and 2024, is summarized as follows:

	Pledge Receivable	Allowance for Uncollectible Pledges	Net Balance
June 30, 2025			
2025 campaign due within one year	$ 79,716	$ - 0 -	$ 79,716
2024 campaign due within one year	367,395	10,523	356,872
2023 campaign due within one year	76,744	72,988	3,756
2022 campaign due within one year	- 0 -	- 0 -	- 0 -
	$ 523,855	$ 83,511	$ 440,344
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 -
	$ 611,384	$ 211,625	$ 399,759

HEART OF INDIANA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

8. DUE FROM U.S. TREASURY

Due from U.S. Treasury represents amounts related to the federal Employee Retention Credit ("ERC") program originally claimed by the Organization in prior years. A portion of the receivable remained outstanding at June 30, 2025 and 2024, due to a processing error by the U.S. Treasury. During the year ended June 30, 2025, the Organization recognized interest income related to the claim based on the amount expected to be received. Subsequent to year-end, the remaining receivable and related interest were fully collected.

9. 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 assets 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 lease-related expense recognized within the statement of functional expenses for the years ended June 30, 2025 and 2024:

	2025	2024
Equipment rental and maintenance	$ 1,524	$ 1,524
Rent	38,880	37,931
Telephone	7,124	6,974
	$ 47,528	$ 46,429

The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2025 and 2024:

	2025	2024
Weighted average remaining lease term	3.14 years	1.30 years
Weighted average discount rate	0.34%	0.52%

HEART OF INDIANA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

9. **OPERATING LEASES** (continued)

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

Year Ending June 30	Amount
2026	$ 36,919
2027	37,118
2028	36,824
2029	6,158
	$ 117,019
Less imputed interest	(564)
Present value of lease liabilities	$ 116,455

10. **DESIGNATIONS PAYABLE**

The designations payable balance at June 30, 2025 and 2024, is summarized as follows:

	2025	2024
2024 Campaign	$ 140,998	
2023 Campaign		$ 212,267
2022 Campaign		13,165
	$ 140,998	$ 225,432

11. **NET ASSETS WITH DONOR RESTRICTIONS**

As of June 30, 2025 and 2024, donor restricted net assets consist of:

	2025	2024
Perpetual endowment funds	$ 1,025,715	$ 963,852
UnitedIN22 grant	53,161	135,238
UnitedIN24 grant	141,896	
Grade Level Reading Coordinator grant	2,220	2,453
CAN grant	19,732	83,641
Indiana United Way grant for disaster recovery	26,983	93,467
Time restrictions	68,266	41,673
	$ 1,337,973	$ 1,320,324

HEART OF INDIANA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

11. **NET ASSETS WITH DONOR RESTRICTIONS** (continued)

During the years ended June 30, 2025 and 2024, donor restricted net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	2025	2024
UnitedIN22 grant	$ 82,077	$ 99,183
Grade Level Reading Coordinator grant	233	40,344
CAN grant	163,909	16,359
Indiana United Way grant for disaster recovery	66,484	1,533
2-1-1 grant		3,085
Covering Kids & Family grant	106,994	98,626
Dolly Parton's Imagination Library grant		127,139
COVID-19 grant	75,962	50,000
Early Learning	320,000	38,500
Family Stability	100,000	
Time restrictions	41,673	215,877
Other	6,352	240
	$ 963,684	$ 690,886

At June 30, 2025 and 2024, the “cash and cash equivalent, held for long-term purposes” balance on the statement of financial position included donor restricted net assets totaling $243,992 and $314,799, 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

The Organization received contributed nonfinancial assets during the years ended June 30, 2025 and 2024, which were utilized in operations and recognized as contributions in the accompanying statement of activities.

Contributed nonfinancial assets recognized within the statement of activities for the years ended June 30, were as follows:

	2025	2024
Advertising	$ 15,000	$ 19,500
Other		726
	$ 15,000	$ 20,226

Contributed advertising services were utilized to support fundraising and community awareness activities of the Organization. Contributed nonfinancial assets were valued using estimated fair values based on current rates for similar advertising and other services in the Organization's market area.

There were no donor-imposed restrictions associated with the contributed nonfinancial assets received during the years ended June 30, 2025 and 2024.

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 $56,536 and $52,687, respectively for the years ended June 30, 2025 and 2024.

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, 2025, campaign pledges were received from eight local contributors which were approximately 83% of the Organization's total current year gross campaign results. 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.

HEART OF INDIANA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

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, 2025, the balances in these accounts may have exceeded the maximum insurable amount of $250,000. At June 30, 2025, the Organization had accounts in excess of the $250,000 FDIC threshold totaling $438,711. 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.

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, 2025 and 2024.