

CROSSROADS UNITED WAY, INC.



FINANCIAL STATEMENTS

December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Crossroads United Way, Inc.
Elkhart, IN

Opinion

We have audited the accompanying financial statements of Crossroads United Way, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023, the related statements of activities, functional expenses, and cash flows for the year 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 Crossroads United Way, Inc. as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Crossroads United Way, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 these 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.



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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 Crossroads 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 Responsibility 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 controls. 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 Crossroads 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 Crossroads United Way, Inc.'s ability to continue as a going concern for a reasonable period of time.

Report on 2022 Financial Statements

The financial statements of Crossroads United Way, Inc. as of December 31, 2022, were audited by other accountants who have ceased operations and whose report dated June 2, 2023, stated that the financial statements present fairly, in all material respects, the financial position and the changes in its net assets and its cash flows in accordance with accounting principles generally accepted in the United States of America.

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.

Insight Accounting Group, P.C.

Insight Accounting Group, P.C.

Goshen, IN
September 9, 2024

CROSSROADS UNITED WAY, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 1,180,879	\$ 1,253,868
Promises to give-prior campaign, less allowance for uncollectible promises of \$192,634 in 2023 (\$219,908 in 2022)	92,943	156,161
Promises to give-current campaign, less allowance for uncollectible promises of \$165,430 in 2023 (\$161,062 in 2022)	720,964	725,146
Investments	1,510,247	1,342,680
Grant receivable	-	240,697
Other receivable	5,483	-
Other current assets	19,475	16,316
Equipment, net	7,161	5,368
Financing lease right of use asset	18,033	24,713
Beneficial interest in assets held by community foundations	<u>569,587</u>	<u>504,188</u>
TOTAL ASSETS	<u>\$ 4,124,772</u>	<u>\$ 4,269,137</u>

The accompanying notes to financial statements are an integral part of these statements.

CROSSROADS UNITED WAY, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

	2023	2022
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 331,518	\$ 240,648
Accrued salaries and wages	16,899	14,613
Designations payable	104,738	73,520
Financing lease liability	<u>18,033</u>	<u>24,932</u>
Total liabilities	<u>471,188</u>	<u>353,713</u>
Net assets		
Without donor restrictions	1,218,774	1,370,427
Board designated- without donor restriction	<u>1,290,886</u>	<u>1,168,946</u>
Total without donor restrictions	<u>2,509,660</u>	<u>2,539,373</u>
With donor restrictions	1,143,924	1,376,051
Total net assets	<u>3,653,584</u>	<u>3,915,424</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,124,772</u>	<u>\$ 4,269,137</u>

The accompanying notes to financial statements are an integral part of these statements.

CROSSROADS UNITED WAY, INC.
STATEMENTS OF ACTIVITIES
For the Year Ended December 31, 2023

	2023			
	Without Donor Restrictions	With Donor Restrictions	Combined Total	%
REVENUES, GAINS AND OTHER SUPPORT				
Campaign applicable to current period:				
Contributions received in current period	\$ 195,744	\$ -	\$ 195,744	\$ 10.64
Contributions received in prior periods and now released from restriction	1,178,797	(1,178,797)	-	-
Gross campaign results	1,374,541	(1,178,797)	195,744	10.64
Donor designations prior periods and now released from restriction	(48,289)	48,289	-	-
Subtotal	1,326,252	(1,130,508)	195,744	10.64
Allowance for uncollectible pledges	(161,062)	161,062	-	-
Net campaign for current period	<u>1,165,190</u>	<u>(969,446)</u>	<u>195,744</u>	<u>10.64</u>
Allocation period	-	1,205,852	1,205,852	65.56
Less: donor designations	-	(96,834)	(96,834)	(5.26)
Less: allowance for uncollectible pledges	-	(165,430)	(165,430)	(8.99)
Net campaign for next allocation period	-	943,588	943,588	51.30
Total campaign	<u>1,165,190</u>	<u>(25,858)</u>	<u>1,139,332</u>	<u>61.94</u>
Grants	68,084	75,000	143,084	7.78
Grants released from restriction	281,269	(281,269)	-	-
Fundraising events and other contributions	234,888	-	234,888	12.77
Investment income	238,562	-	238,562	12.97
Service fees	10,121	-	10,121	0.55
Gifts-in-kind	70,355	-	70,355	3.82
Other income	3,063	-	3,063	0.17
Total revenue	<u>2,071,532</u>	<u>(232,127)</u>	<u>1,839,405</u>	<u>100.00</u>
Allocations and other functional expenses				
Community impact programs	1,238,048	-	1,238,048	67.31
Management and general	259,328	-	259,328	14.10
Fundraising	572,850	-	572,850	31.14
Unallocated dues to affiliated organizations	31,019	-	31,019	1.69
Total expenses	<u>2,101,245</u>	<u>-</u>	<u>2,101,245</u>	<u>114.24</u>
Decrease in net assets	(29,713)	(232,127)	(261,840)	(14.24)
Net assets, beginning of year	<u>2,539,373</u>	<u>1,376,051</u>	<u>3,915,424</u>	
Net assets, end of year	<u>\$ 2,509,660</u>	<u>\$ 1,143,924</u>	<u>\$ 3,653,584</u>	

The accompanying notes to financial statements are an integral part of these statements.

CROSSROADS UNITED WAY, INC.
STATEMENTS OF ACTIVITIES
For the Year Ended December 31, 2022

	2022			
	Without Donor Restrictions	With Donor Restrictions	Combined Total	%
REVENUES, GAINS AND OTHER SUPPORT				
Campaign applicable to current period:				
Contributions received in current period	\$ 431,206	\$ -	\$ 431,206	\$ 25.92
Contributions received in prior periods and now released from restriction	1,194,137	(1,194,137)	-	-
Gross campaign results	1,625,343	(1,194,137)	431,206	25.92
Donor designations prior periods and now released from restriction	(28,784)	28,784	-	-
Subtotal	1,596,559	(1,165,353)	431,206	25.92
Allowance for uncollectible pledges	(159,872)	159,872	-	-
Net campaign for current period	<u>1,436,687</u>	<u>(1,005,481)</u>	<u>431,206</u>	<u>25.92</u>
Allocation period	-	1,178,797	1,178,797	70.86
Less: donor designations	-	(48,289)	(48,289)	(2.90)
Less: allowance for uncollectible pledges	-	(161,062)	(161,062)	(9.68)
Net campaign for next allocation period	-	969,446	969,446	58.27
Total campaign	<u>1,436,687</u>	<u>(36,035)</u>	<u>1,400,652</u>	<u>84.19</u>
Grants	7,578	310,862	318,440	19.14
Grants released from restriction	547,911	(547,911)	-	-
Fundraising events and other contributions	155,328	-	155,328	9.34
Investment income	(278,323)	-	(278,323)	(16.73)
Service fees	9,943	-	9,943	0.60
Gifts-in-kind	31,539	-	31,539	1.90
Other income	26,052	-	26,052	1.57
Total revenue	<u>1,936,715</u>	<u>(273,084)</u>	<u>1,663,631</u>	<u>100.00</u>
Allocations and other functional expenses				
Community impact programs	1,112,715	-	1,112,715	66.88
Management and general	211,301	-	211,301	12.70
Fundraising	608,348	-	608,348	36.57
Unallocated dues to affiliated organizations	24,117	-	24,117	1.45
Total expenses	<u>1,956,481</u>	<u>-</u>	<u>1,956,481</u>	<u>117.60</u>
Decrease in net assets	(19,766)	(273,084)	(292,850)	(17.60)
Net assets, beginning of year	<u>2,559,139</u>	<u>1,649,135</u>	<u>4,208,274</u>	
Net assets, end of year	<u>\$ 2,539,373</u>	<u>\$ 1,376,051</u>	<u>\$ 3,915,424</u>	

The accompanying notes to financial statements are an integral part of these statements.

CROSSROADS UNITED WAY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2023 and 2022

	2023				2022			
	Program Expenses	Management and General	Fundraising Expenses	Total	Program Expenses	Management and General	Fundraising Expenses	Total
Community impact allocations	\$ 636,750	\$ -	\$ -	\$ 636,750	\$ 644,333	\$ -	\$ -	\$ 644,333
Less donor designations	(21,817)	-	-	(21,817)	(18,836)	-	-	(18,836)
Salaries	321,430	92,310	268,465	682,205	244,555	75,956	291,274	611,785
Benefits, including payroll taxes	104,284	30,600	89,203	224,087	88,506	27,587	104,323	220,416
Gr8t beginnings early childhood	-	-	-	-	12,127	-	-	12,127
Other community impact prog. expenses	65,860	-	-	65,860	20,407	-	-	20,407
Outside services and advertising	148	82,512	11,143	93,803	2,951	76,725	16,788	96,464
Campaign events	691	203	87,032	87,926	36	11	84,701	84,748
Marketing collaborative	974	20,789	2,836	24,599	-	1,611	-	1,611
Printing and office supplies	10,125	3,195	45,829	59,149	9,497	4,583	47,431	61,511
Telephone	5,538	1,625	4,732	11,895	4,811	1,499	5,680	11,990
Postage and shipping	1,468	431	1,459	3,358	1,215	309	1,526	3,050
Conferences and travel	11,665	3,422	10,166	25,253	6,461	2,015	7,595	16,071
Local transportation	10,875	3,190	9,291	23,356	7,248	2,258	8,557	18,063
Equipment, rentals and repair	13,166	3,927	11,436	28,529	10,439	3,252	12,323	26,014
Building occupancy	20,971	6,381	22,020	49,372	18,982	5,913	22,412	47,307
Dues, permit and fees	3,309	971	2,827	7,107	1,431	450	1,648	3,529
Spec. prog. fund/affiliate members	-	-	-	-	3,500	-	-	3,500
Volunteer/kit build	20,411	-	-	20,411	12,585	-	-	12,585
Interest expense	-	169	-	169	-	462	-	462
Miscellaneous	32,200	1,281	6,411	39,892	37,171	493	4,090	41,754
Grant expenses	-	-	-	-	5,296	-	-	5,296
Depreciation	-	1,658	-	1,658	-	1,587	-	1,587
Amortization expense-financing lease	-	6,664	-	6,664	-	6,590	-	6,590
Unallocated dues to affiliated organizations	-	-	-	31,019	-	-	-	24,117
Total expenses	<u>\$ 1,238,048</u>	<u>\$ 259,328</u>	<u>\$ 572,850</u>	<u>\$ 2,101,245</u>	<u>\$ 1,112,715</u>	<u>\$ 211,301</u>	<u>\$ 608,348</u>	<u>\$ 1,956,481</u>

The accompanying notes to financial statements are an integral part of these statements.

CROSSROADS UNITED WAY, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023, and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ (261,840)	\$ (292,850)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,658	1,587
Amortization of finance lease	6,664	6,590
Net change in operating investments	(167,552)	196,143
Net change in beneficial interest in assets held by Community foundations	(65,399)	82,182
Change in operating assets and liabilities:		
Promises to give	67,401	(122,534)
Grant receivable	240,697	(33,173)
Other receivable	(5,483)	-
Other current assets	(3,159)	6,924
Accounts payable	90,870	202,898
Accrued salaries & wages	2,286	(1,491)
Designations payable	31,218	5,628
Net cash from operating activities	<u>(62,639)</u>	<u>51,904</u>
Cash flows from investing activities		
Purchase of equipment	<u>(3,451)</u>	<u>(5,123)</u>
Net cash from investing activities	<u>(3,451)</u>	<u>(5,123)</u>
Cash flows from financing activities		
Principal payments on financing leases	<u>(6,899)</u>	<u>(6,590)</u>
Net cash from financing activities	<u>(6,899)</u>	<u>(6,590)</u>
Net change in cash and cash equivalents	(72,989)	40,191
Cash and cash equivalents, beginning of year	<u>1,253,868</u>	<u>1,213,677</u>
Cash and cash equivalents, end of year	<u>\$ 1,180,879</u>	<u>\$ 1,253,868</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year of interest	<u>\$ 169</u>	<u>\$ 462</u>

The accompanying notes to financial statements are an integral part of these statements.

CROSSROADS UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1 – NATURE OF ORGANIZATION & ACCOUNTING POLICIES

Nature of the Organization

Crossroads United Way, Inc. (the Organization) serves as a vehicle for volunteers, donors, and advocates who seek to change lives and communities through service, collaboration, and impact. The Organization fights for the health, education, and financial stability of every person in the Elkhart, LaGrange, Noble counties and the surrounding communities. The Organization is involved in raising funds for area social service agencies and in providing social services in Elkhart, LaGrange and Noble Counties, Indiana.

Education – The Organization has taken the lead role in funding high quality early childhood education in our community. Together with providers, local and state government, and other nonprofits, the Organization has secured millions of dollars of pre-K tuition assistance for families in our communities. In addition, the Organization fully sponsors three READ UNITED initiatives in the local public schools: Real Mentors Read, Reading Camps, and Page the Puppy.

Financial Stability – The Organization's financial empowerment programs include employment readiness programs, money skills and financial literacy classes, alternatives to predatory loans, pathways to home ownership, and neighborhood development programs. The Organization also funds emergency services for those in desperate need of assistance.

Health – The Organization has leveraged millions in prescription medicine assistance for the uninsured and underinsured. They provide transportation access to seniors who need to get to doctor's appointments, and they provide emotional, spiritual, and practical care for cancer patients and their families.

Basis of Presentation

As required by generally accepted accounting principles in the United States of America ("U.S. GAAP"), the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions – Net assets without donor restrictions are available for use at the discretion of the Board of Trustees (the Board) and/or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. For example, the Board has designated a portion of net assets without donor restrictions as a quasi-endowment (an amount to be treated by management as if it were part of the donor restricted endowment) for the purpose of securing the Organization's long-term financial viability.

Net Assets With Donor Restrictions – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

CROSSROADS UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1 – NATURE OF ORGANIZATION & ACCOUNTING POLICIES (CONTINUED)

Net Assets With Donor Restrictions (continued) –

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting, whereby, revenues are recognized when earned and expenditures are recognized when incurred. This basis of accounting conforms to U.S. GAAP. The Organization recognizes revenue in accordance with ASU No. 2014-09, see note 2.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

Cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand and cash held in checking accounts. At times, such amounts may be in excess of federally insured deposit limits. Furthermore, the Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Promises to give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement activities. The determination of the allowance for uncollectable promises to give is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. The allowance for uncollectible promises to give is adjusted as necessary. On December 31, 2023, and 2022, the allowance for uncollectible promises to give were \$358,064 and \$380,970, respectively.

CROSSROADS UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1 – NATURE OF ORGANIZATION & ACCOUNTING POLICIES (CONTINUED)

Property and equipment

Property and equipment are recorded at cost or if acquired by gift, at estimated fair value at date of donation. Major additions and improvements are capitalized, while maintenance and repairs are expensed as incurred. Depreciation is provided under the straight-line method. All property and equipment disposed of are removed from the accounts and any resulting gain or loss is reflected in income.

Depreciation

It is the Organization's policy to capitalize and depreciate property and equipment assets with estimated lives greater than one year and costs greater than \$1,000. Depreciation of property and equipment is computed primarily using the straight-line method over the following estimated useful lives of the assets:

	<u>Years</u>
Computers and equipment	3 - 5
Other equipment	10
Furniture and fixtures	5 - 7
Software	5

Total depreciation expense for the years ended December 31, 2023 and 2022 was \$1,658 and \$1,587, respectively.

Beneficial Interest in Assets Held by Community Foundations

The Organization has established endowment funds that are perpetual in nature (the funds) under two community foundations (CF's). The Organization has granted variance power to the CF's. The funds are held and invested by the CF's for the benefit of the Organization and are reported at fair value in the statements of financial position, with distributions and changes in fair value recognized in the statements of activities.

Investments

Investments are reported at fair value in the statement of financial position. Unrealized and realized gains and losses are included in the accompanying statements of activities. Investment expenses, such as commissions and investment advisory fees are netted against investments income in the statements of activities. Investments are managed in accordance with board approved investment and spending policies. The investment objective is growth of principal and current income consistent with achieving the desired total return on investment to meet current and long-term needs. All securities held shall be readily marketable. Funds may be invested in cash equivalent, equity and fixed-income instruments. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying financial statements.

CROSSROADS UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1 – NATURE OF ORGANIZATION & ACCOUNTING POLICIES (CONTINUED)

Campaign promises to give, allocations to agencies and designations payable

Annual campaigns are conducted in the fall of each year to raise support for allocations paid to member agencies in the following calendar year. Campaign promises to give and contributions received in the fall are reported as contributions with donor restrictions until the year of allocation.

Donor designations to specific agencies are considered “pass through” agency transactions and are not included in total campaign revenue or allocations to member agencies on the statement of activities. Contribution promises to give to designated agencies are included in Designations Payable until paid to those specific agencies.

Underwater Endowment Funds

The Organization considers a fund to be underwater if the fair value of the fund is less than the sum of the original value of the initial and subsequent gift amounts donated to the fund and any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has no underwater endowment funds at December 31, 2023 and 2022.

Donated materials and services

Contributed non-financial assets include donated rent and other in-kind contributions which are recorded at the respective fair values of the goods or services received. In addition to contributed non-financial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Income Taxes

The Organization is incorporated as a not-for-profit organization under the laws of the State of Indiana and is exempt from federal and state income taxes pursuant to provisions of Section 501(c)(3) of the Internal Revenue Code.

The Organization follows the provisions of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Topic 740-10 Accounting for Income Taxes, and management believes it has no material uncertain tax positions or any related penalties and interest to accrue for the years ended December 31, 2023 and 2022, and accordingly, there is no liability for unrecognized tax benefits.

The Organization files IRS Form 990 annually with the Federal Government. The past three fiscal year-end tax returns are still open to examination by taxing authorities, though there are no known years under examination.

Advertising Expenses

The Organization expenses advertising costs as they are incurred. Advertising expenses were \$24,599 and \$1,611 for the years ended December 31, 2023 and 2022, respectively.

CROSSROADS UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1 – NATURE OF ORGANIZATION & ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. While a majority of these costs are specifically identifiable to a functional expense category, other costs are allocated. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of allocation
Salaries	Time & effort
Benefits, including payroll taxes	Time & effort
Outside services and advertising	Time & effort
Campaign events	Function
Marketing collaborative	Function
Printing and office supplies	Function
Telephone	Function
Postage and shipping	Function
Conferences and travel	Function
Local transportation	Function
Equipment, rentals and repair	Function
Building occupancy	Square footage
Dues, permits and fees	Function
Miscellaneous	Function

Lease

The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less. Our short-term lease costs do not reflect our ongoing short-term lease commitments as the Organization entered into several short-term lease commitments in December 31, 2023 and 2022 which will increase short-term lease costs by approximately \$22,037 for each year.

The Organization elected to adopt these ASUs using the modified retrospective approach with January 1, 2022 as the date of initial adoption. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Organization to carry forward the historical lease classification and use a risk-free rate as the discount rate for the lease. The adoption resulted in recognizing a financing right-to-use asset of \$31,308 and corresponding financing lease liability as of January 1, 2022, on the Organization's balance sheet but did not have a material impact on the income statement and had no impact on cash flows. The most significant impact was the recognition of ROU asset and lease liability for a financing lease.

CROSSROADS UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 2 – REVENUE RECOGNITION

Revenue Recognition Policy

Donor support, contributions, fundraising events, and grants received are recognized as revenue when received or unconditionally promised. These revenue streams are recorded as without or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Donor restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities and changes in net assets as net assets released from restrictions.

The Organization receives in-kind contributions of time and pro bono services from members of the community and volunteers related to program operations and fund-raising campaigns. Donated services are recognized as contributions if the services create or enhance nonfinancial assets, require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated materials consist primarily of campaign raffle and fundraising prizes. The Organization also received donated rent of its Elkhart office facility. The Organization recognizes in-kind contribution revenue and a corresponding asset or expense in an amount approximating the estimated fair value at the time of the donation.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The table below reflects the Organization's financial assets available within one year of the statements of financial position date for general expenditure, reduced by amounts that are not available for general use due to contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts that are not available also include board designated amounts that could be utilized if the Board of Directors approved for use.

CROSSROADS UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

	2023	2022
Cash and cash equivalents	\$ 1,180,879	\$ 1,253,868
Investments	1,510,247	1,342,680
Other current receivables	15,483	
Grant receivable		240,697
Contributions receivable, net	803,906	881,307
Beneficial interest in assets held at Community Foundations	569,587	504,188
Total financial assets available	<u>4,080,102</u>	<u>4,222,740</u>
Amounts unavailable for general expenditures within one year		
Restricted by donors with purpose and time restrictions	(1,003,842)	(1,235,968)
Restricted by donors in perpetuity	(140,083)	(140,083)
Amounts unavailable to management without board's approval		
Board designated for quasi-endowment	(1,220,781)	(1,098,841)
Board designated for innovation grants	<u>(70,105)</u>	<u>(70,105)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 1,645,291</u>	<u>\$ 1,677,743</u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Although the Board does not intend to spend from the Board-designated endowment, these amounts could be made available if necessary. The Organization has financial assets as of December 31, 2023, to cover approximately 295 days of normal operating expenses.

NOTE 4 – INVESTMENTS

Investments, at fair value, and the resulting income are summarized as follows:

	2023	2022
Cash and cash equivalents	\$ 119,943	\$ 111,602
Bank certificate of deposit	19,582	19,582
Corporate debt	691,067	596,708
Mutual funds	679,655	614,788
Total	<u>\$ 1,510,247</u>	<u>\$ 1,342,680</u>
Without donor restrictions	\$ 1,370,164	\$ 1,202,597
With donor restrictions	<u>140,083</u>	<u>140,083</u>
Total	<u>\$ 1,510,247</u>	<u>\$ 1,342,680</u>

CROSSROADS UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 5 – FAIR VALUE MEASUREMENT

The Organization follows the provisions of ASC Topic, “Fair Value Measurements” which applies to all assets and liabilities that are being measured and reported at fair value. This topic establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America and expands disclosure about fair value measurement. Under accounting principles generally accepted in the United States of America, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability. This standard enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine the fair values.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity, and other factors.

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes “observable” requires significant judgment by management. Crossroads United Way, Inc. considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not correspond to Crossroads United Way, Inc.’s perceived risk of that instrument.

The standard requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Pricing inputs are quoted prices in active markets for identical assets or liabilities. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include actively traded equities, certain U.S. government and sovereign obligations, and certain money market securities.

CROSSROADS UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 5 – FAIR VALUE MEASUREMENT (CONTINUED)

Level 2 – Pricing inputs are other than quoted prices in active markets for identical assets, but the inputs are either directly or indirectly observable. Quoted prices are available, but the assets are traded less frequently and thus valuation is accomplished using similar securities, the parameters of which can be directly observed.

Investments classified as Level 2 trade in markets that are not considered to be active, but are valued based on quoted market price, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These generally include certain U.S. government and sovereign obligations, most government agency securities, investment grade corporate bonds, certain mortgage products, certain bank loan and bridge loans, less liquid listed equities, state, municipal and provincial obligations, most physical commodities, and certain loan commitments. As Level 2 investments include positions that are not traded in active markets and/or subject to transfer restrictions, valuations may be adjusted to reflect liquidity and/or non-transferability, which are generally based on available market information.

Level 3 – Pricing inputs are not observable in the market. Thus, valuation is accomplished using management's best estimate of fair value, with inputs into the determination of fair value that require significant management judgment or estimation.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all. Level 3 instruments include private equity and real estate investments, certain bank loans and bridge loans, less liquid corporate debt securities (including distressed debt instruments), collateralized debt obligations, and less liquid mortgage securities (backed by either commercial or residential real estate).

Level 3 – (continued)

Within Level 3, the use of market approach generally consists of using comparable market transactions, while use of the income approach generally consists of the net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit, market and/or other risk factors.

The inputs used in estimating the fair value of Level 3 investments include the original transaction price, recent transactions for the same or similar instruments, completed or pending third-party transactions in the underlying investment or comparable issuers, subsequent rounds of financing, recapitalizations and other transactions across the capital structure, offerings in the equity or debt capital markets, and changes in financial ratios or cash flows. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated in the absence of market information. The fair value measurement of Level 3 investments does not include transaction costs as an input, although those costs may have been capitalized as part of the security's cost. Due to the lack of observable inputs, the assumptions used may significantly impact resulting fair value and, therefore, the amounts reported in the accompanying financial statements.

CROSSROADS UNITED WAY, INC.
NOTES TO THE FINACIAL STATEMENTS
December 31, 2023 and 2022

NOTE 5 – FAIR VALUE MEASUREMENT (CONTINUED)

The Organization's Level 3 fair value measurements using significant unobservable inputs include the Organization's beneficial interest in assets held at (2) community foundations. These assets have been valued, as a practical expedient, at the fair value of the Organization's share of the Foundations investment pools as of the measurement date. The Foundations values securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the Foundations are determined by the management of the Foundations and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

As of December 31, 2023 and 2022, the fair value of those assets recognized in the accompanying statements of financial position at fair value on a recurring basis and the level within the fair value hierarchy are as follows:

	2023			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Beneficial interest in assets held at community foundations	\$ -	\$ -	\$ 569,587	\$ 569,587
Cash and cash equivalents	119,943	-	-	119,943
Certificate of deposit	-	19,582	-	19,582
Corporate debt securities	691,067	-	-	691,067
Mutual funds	679,655	-	-	679,655
Total assets at fair value	<u>\$ 1,490,665</u>	<u>\$ 19,582</u>	<u>\$ 569,587</u>	<u>\$ 2,079,834</u>

	2022			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Beneficial interest in assets held at community foundations	\$ -	\$ -	\$ 504,188	\$ 504,188
Cash and cash equivalents	111,602	-	-	111,602
Certificate of deposit	-	19,582	-	19,582
Corporate debt securities	596,708	-	-	596,708
Mutual funds	614,788	-	-	614,788
Total assets at fair value	<u>\$ 1,323,098</u>	<u>\$ 19,582</u>	<u>\$ 504,188</u>	<u>\$ 1,846,868</u>

CROSSROADS UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 5 – FAIR VALUE MEASUREMENT (CONTINUED)

The following table summarizes changes in fair value of the Level 3 assets for which unobservable inputs were used to determine fair value:

	2023	2022
Balance at beginning of year	\$ 504,188	\$ 586,370
Change in value of beneficial interest in assets held at Community Foundations	65,399	(82,182)
Balance at end of year	<u>\$ 569,587</u>	<u>\$ 504,188</u>

NOTE 6 – LEASING AGREEMENTS

Effective April 1, 2021, the Organization entered into a nine-month lease agreement for its office space in Noble County, Indiana with the option to renew for one year. The Organization is responsible for maintenance, utilities, real estate taxes, and is required to maintain insurance on the property. The agreement requires monthly lease payments of \$503. Lease expense for the years ended December 31, 2023 and 2022 were \$6,036.

The Organization leases its Elkhart office facility on a month-to-month basis, with a minimum of 120 day cancellation notice by either party. The monthly lease payment is \$1,000 and the Organization is responsible for repairs and maintenance and liability insurance. The rental expense, included in the statement of activities for the year ended December 31, 2023 and 2022 was \$43,334 and \$41,270, respectively. The rent expense includes \$31,334 and \$29,270 for December 31, 2023 and 2022, respectively, of in-kind contributions of rent.

Effective September 1, 2021, the Organization entered into a five-year lease agreement for a copier. The Organization is responsible for personal property tax, insurance, and repairs. The agreement requires monthly lease payments of \$569. Lease expenses for the years ended December 31, 2023 and 2022 were \$6,828.

Lease related assets and liabilities recorded on the balance sheets as of December 31 are as follows:

	2023	2022
Assets:		
Right of use assets - financing leases	\$ 18,033	\$ 24,713
Liabilities:		
Financing lease liabilities - current	\$ 18,033	\$ 24,932

CROSSROADS UNITED WAY, INC.
NOTES TO THE FINACIAL STATEMENTS
December 31, 2023 and 2022

NOTE 6 – LEASING AGREEMENTS (CONTINUED)

The following summarizes the line items in the statement of activities which include the components of lease expense for the year ended December 31:

	2023	2022
Building occupancy (included in functional expenses)		
Operating lease cost	\$ 49,372	\$ 47,307
Amortization Expense (included in functional expenses)		
Financing lease cost	6,664	6,590

As of December 31, 2023, maturities of lease liabilities are as follows:

	Financing
2024	\$ 6,832
2025	6,832
2026	<u>4,556</u>
Total lease payments	18,220
Less imputed interest	<u>(187)</u>
Present value of lease liability	<u><u>\$ 18,033</u></u>

The following summarizes cash flow information related to leases for the year ended December 31:

	2023	2022
Financing		
Cash paid for amounts included in measuring lease liabilities:	\$ 6,832	\$ 6,832
Lease assets obtained in exchange for lease obligations:	-	31,308

The table below presents additional information related to the Organization's leases as of December 31:

	2023	2022
Financing		
Weighted-average remaining lease term (in years)	2.59	3.67
Weighted-average discount rate	0.80%	1.43%

CROSSROADS UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

The Organization's net assets with donor restrictions include purpose restricted unconditional donor contributions for which expenses satisfying the donor restrictions have not yet been incurred and beneficial interest in gift annuities that are restricted by time.

Net assets with donor restrictions are available for the following as of December 31:

	2023	2022
Donor restricted endowment funds	\$ 140,083	\$ 140,083
Time restrictions (net campaign contributions received for future period)	943,588	969,446
Purpose restrictions (private grants received for specific programs but not yet spent)	60,253	266,522
Total	<u>\$ 1,143,924</u>	<u>\$ 1,376,051</u>

NOTE 8 – NET ASSETS WITHOUT DONOR RESTRICTIONS

The Organization's net assets without donor restrictions are comprised of undesignated and Board designated amounts for the following purpose at:

December 31,	2023	2022
Undesignated	\$ 1,218,774	\$ 1,370,427
Board designated for Innovation Grants	70,105	70,105
Board designated for Quasi-Endowment	1,220,781	1,098,841
Total	<u>\$ 2,509,660</u>	<u>\$ 2,539,373</u>

Board designated for quasi-endowment

The Organization's Board has designated funds be set aside to establish and maintain a quasi-endowment for the purpose of securing the Organization's long-term financial viability and continuing to meet the needs of the Organization.

NOTE 9 – ENDOWMENT NET ASSETS

The Organization's donor restricted endowment consists of funds established for the purpose of providing general operational support for the Organization. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The endowment funds also include funds without donor restrictions that have been designated by the Board to function as an endowment. Each fund is to be invested according to the Investment Management Policies for each respective fund.

CROSSROADS UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 9 – ENDOWMENT NET ASSETS (CONTINUED)

The composition of the Organization's endowment net assets as of December 31 was as follows:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds			
Original donor restricted gift	\$ -	\$ 140,083	\$ 140,083
Board designated endowment funds	<u>1,220,781</u>	-	<u>1,220,781</u>
Total	<u>\$ 1,220,781</u>	<u>\$ 140,083</u>	<u>\$ 1,360,864</u>
	2022		
Donor restricted endowment funds			
Original donor restricted gift	\$ -	\$ 140,083	\$ 140,083
Board designated endowment funds	<u>1,098,841</u>	-	<u>1,098,841</u>
Total	<u>\$ 1,098,841</u>	<u>\$ 140,083</u>	<u>\$ 1,238,924</u>

Changes to endowment net assets for the year ended December 31, 2023, was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2022	\$ 1,098,841	\$ 140,083	\$ 1,238,924
Investment return	<u>121,940</u>	-	<u>121,940</u>
Endowment net assets, December 31, 2023	<u>\$ 1,220,781</u>	<u>\$ 140,083</u>	<u>\$ 1,360,864</u>

CROSSROADS UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 10 – BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATIONS

The Community Foundation of Elkhart County, Inc. (the Foundation) holds a fund named the United Way of Elkhart County Fund (the Fund). The purpose of the Fund is to further the charitable purposes of the Organization. The Fund is a board designated quasi-endowment fund whereby the principal is held and controlled by the Foundation and investment income of the Fund is distributed to the Organization at the discretion of the Foundation. On December 31, 2023 and 2022, the board designated balance of the Fund, which is reflected as an asset of the Organization in accordance with accounting principles generally accepted in the United States, approximated \$541,258 and \$479,459, respectively. The total balance of the Fund, which includes original contribution, market growth and additional public contributions, approximated \$887,840 at the end of 2023 and \$779,408 at the end of 2022. At the discretion of the board of directors, the investment earnings for 2023 and 2022 were reinvested into the principal.

LaGrange County Community Foundation

The LaGrange County Community Foundation (the Foundation) holds a fund named the United Fund of LaGrange County Endowment Fund (the Fund). The purpose of the Fund is to further the charitable purposes of the Organization. The Fund is a board designated quasi-endowment fund whereby the principal is held and controlled by the Foundation and investment income of the Fund is distributed to the Organization at the discretion of the Foundation. On December 31, 2023 and 2022 the board designated balance of the Fund, which is reflected as an asset of the Organization in accordance with accounting principles generally accepted in the United States, approximated \$28,329 and \$24,729 respectively.

NOTE 11 – GRANTS

Grant revenue includes the following:

	2023	2022
FEMA income	\$ 1,571	\$ 7,578
UnitedIN22 grant	55,000	240,697
Financial stability grant	66,513	20,487
Kit build grants	20,000	18,250
IUW merger grant	-	31,428
Total net assets without donor restrictions	<u><u>\$ 143,084</u></u>	<u><u>\$ 318,440</u></u>

NOTE 12 – CONCENTRATION OF GEOGRAPHIC AREA

Campaign revenue is primarily received from residents or businesses in Elkhart, LaGrange and Noble Counties, Indiana.

CROSSROADS UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 13 – INVESTMENT INCOME

The summary of investment earnings included in investment income in the accompanying statements of activities for the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
Interest and dividend income	\$ 57,296	\$ 34,542
Net realized and unrealized gain/(loss)		
on investments	194,973	(299,190)
Investment management fees	(13,707)	(13,675)
Total net assets without donor restrictions	<u>\$ 238,562</u>	<u>\$ (278,323)</u>

NOTE 14 – RETIREMENT PLAN

The Organization has established a SEP/IRA plan covering all employees over 21 years old who have one year of service. Five percent of each eligible employee's salary was contributed by the Organization in 2023 and 2022. All contributions are immediately vested. A total of \$23,951 and \$21,931 was contributed by the Organization for 2023 and 2022, respectively.

The Organization also provides a 403(b) Tax-Deferred Annuity Plan that eligible employees can contribute to. This Tax-Deferred Annuity Plan is subject to Section 403(b) of the Internal Revenue Code. The plan is underwritten by Mutual of America Life Insurance Company, which issues the contracts, maintains the individual contribution accounts, offers the interest and investment options, and pays the benefits provided by the contract.

NOTE 15 – OTHER COMMITMENTS

The Organization entered into an agreement on April 1, 2009 which was renewed on January 1, 2023 for a twelve month term, with automatic twelve month renewal if not canceled, with the Indiana Association of United Ways (IAUW) to provide computer software and data hosting for campaign software (ANDAR) and accounting software (MIP). The expense for the years ended December 31, 2023 and 2022 was \$61,336 and \$55,356, respectively.

NOTE 16 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events for potential recognition and/or disclosure through September 9, 2024, the date the financial statements were available to be issued. There were no events that require adjustments to or disclosure in the Organization's financial statements for the year ended December 31, 2023.