

CROSSROADS UNITED WAY, INC.

FINANCIAL STATEMENTS

December 31, 2025 and 2024

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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, 2025 and 2024, the related statements of activities, functional expenses, and cash flows 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 Crossroads United Way, Inc. as of December 31, 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 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 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 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.

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.
Elkhart, IN

August 10, 2026

CROSSROADS UNITED WAY, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 686,893	\$ 557,548
Promises to give less allowance for uncollectible promises of \$195,591 and \$193,408 in 2025 and 2024, respectively	616,353	578,316
Investments	1,769,922	1,660,394
Other current assets	5,176	29,040
Equipment, net of accumulated depreciation of of \$46,627 and \$46,820 in 2025 and 2024, respectively	4,735	6,849
Financing lease right of use asset	4,473	11,181
Beneficial interest in assets held by community foundations	<u>679,028</u>	<u>614,913</u>
TOTAL ASSETS	<u><u>\$ 3,766,580</u></u>	<u><u>\$ 3,458,241</u></u>

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

CROSSROADS UNITED WAY, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 46,188	\$ 8,222
Accrued salaries and wages	18,433	16,854
Refundable grant	12,967	-
Allocations payable	333,783	153,438
Designations payable	88,210	53,132
Financing lease liability	4,544	11,316
Total liabilities	<u>504,125</u>	<u>242,962</u>
Net assets		
Without donor restrictions	930,504	542,846
Board designated- without donor restrictions	<u>1,390,772</u>	<u>1,346,977</u>
Total without donor restrictions	2,321,276	1,889,823
With donor restrictions	<u>941,179</u>	<u>1,325,456</u>
Total net assets	<u>3,262,455</u>	<u>3,215,279</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,766,580</u></u>	<u><u>\$ 3,458,241</u></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, 2025

	2025			
	Without Donor	With Donor	Combined	
	Restrictions	Restrictions	Total	%
Support and revenue				
Campaign contributions net of donor designations and allowance for uncollectible pledges	\$ 275,340	\$ 765,470	\$ 1,040,810	46.21
Grants	303,491	198,904	502,395	22.30
Event income	311,486	-	311,486	13.83
Contributed goods and services	92,544	-	92,544	4.11
Other income	11,982	-	11,982	0.53
Interest and dividends	76,517	-	76,517	3.40
Unrealized gains on investments	163,349	-	163,349	7.25
Realized gains on investments	53,380	-	53,380	2.37
Subtotal	1,288,089	964,374	2,252,463	100.00
Net assets released from restriction	1,348,651	(1,348,651)	-	
Total support and revenue	2,636,740	(384,277)	2,252,463	100.00
Allocations and other functional expenses				
Community impact programs	1,313,636	-	1,313,636	58.32
Management and general	381,490	-	381,490	16.94
Fundraising	495,145	-	495,145	21.98
Unallocated dues to affiliated organizations	15,016	-	15,016	0.67
Total allocations and other functional expenses	2,205,287	-	2,205,287	97.91
INCREASE (DECREASE) IN NET ASSETS	431,453	(384,277)	47,176	2.09
Net assets, beginning of year	1,889,823	1,325,456	3,215,279	
Net assets, end of year	\$ 2,321,276	\$ 941,179	\$ 3,262,455	

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, 2024

	2024			
	Without Donor Restrictions	With Donor Restrictions	Combined Total	%
Support and revenue				
Campaign contributions net of donor designations and allowance for uncollectible pledges	\$ 7,809	\$ 1,193,214	\$ 1,201,023	65.46
Grants	32,357	-	32,357	1.76
Event income	222,577	-	222,577	12.13
Contributed goods and services	61,351	-	61,351	3.34
Other income	55,879	-	55,879	3.05
Interest and dividends	83,813	-	83,813	4.57
Unrealized gains on investments	139,065	-	139,065	7.58
Realized gains on investments	38,592	-	38,592	2.10
Total revenue	641,443	1,193,214	1,834,657	100.00
Net assets released from restriction	1,011,682	(1,011,682)	-	
Total support and revenue	1,653,125	181,532	1,834,657	100.00
Allocations and other functional expenses				
Community impact programs	1,465,220	-	1,465,220	65.05
Management and general	249,521	-	249,521	11.08
Fundraising	540,737	-	540,737	24.01
Unallocated dues to affiliated organizations	17,484	-	17,484	0.78
Total allocations and other functional expenses	2,272,962	-	2,272,962	100.92
INCREASE (DECREASE) IN NET ASSETS	(619,837)	181,532	(438,305)	(23.89)
Net assets, beginning of year	2,509,660	1,143,924	3,653,584	
Net assets, end of year	\$ 1,889,823	\$ 1,325,456	\$ 3,215,279	

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, 2025 and 2024

	2025			2024				
	Program Expenses	Management and General	Fundraising Expenses	Total	Program Expenses	Management and General	Fundraising Expenses	Total
Salaries	\$ 188,885	\$ 146,314	\$ 282,934	\$ 618,133	\$ 306,794	\$ 90,008	\$ 262,120	\$ 658,922
Employee benefits	47,642	45,662	50,506	143,810	56,682	16,630	48,428	121,740
Payroll taxes	16,737	12,385	17,741	46,863	22,496	6,599	19,219	48,314
Professional fees	41,899	50,223	42,837	134,959	3,230	22,298	2,760	28,288
Office expenses	14	31,751	2,649	34,414	14,766	11,971	35,877	62,614
Printing & publications	3,167	622	18,083	21,872	16,558	1,923	25,773	44,254
Occupancy & insurance	15,990	46,042	25,991	88,023	33,365	12,054	39,035	84,454
Meetings & events	14,339	10,750	18,586	43,675	23,337	7,661	19,576	50,574
Dues	22	16,305	235	16,562	4,609	1,352	3,937	9,898
Allocations	655,900	-	-	655,900	635,750	-	-	635,750
Program & grant assistance	234,250	-	35,583	269,833	252,422	-	61,692	314,114
Community initiatives	9,300	-	-	9,300	17,151	107	-	17,258
In-kind expense	52,337	-	-	52,337	25,891	-	-	25,891
Credit card & bank fees	-	9,927	-	9,927	10,163	7,163	8,683	26,009
Miscellaneous	33,154	9,395	-	42,549	42,006	69,448	13,637	125,091
Depreciation	-	2,114	-	2,114	-	2,307	-	2,307
United Way dues	-	-	-	15,016	-	-	-	17,484
Total expenses	\$ 1,313,636	\$ 381,490	\$ 495,145	\$ 2,205,287	\$ 1,465,220	\$ 249,521	\$ 540,737	\$ 2,272,962

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, 2025, and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets	\$ 47,176	\$ (438,305)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	2,114	2,307
Amortization of finance lease	6,709	6,852
Net change in operating investments	(109,528)	(150,147)
Net change in beneficial interest in assets held by Community foundations	(64,115)	(45,326)
Change in operating assets and liabilities:		
Promises to give	(38,037)	235,591
Other receivable	-	5,483
Other current assets	23,864	(9,565)
Accounts payable	218,309	(169,859)
Refundable grant	12,967	-
Accrued salaries & wages	1,579	(45)
Designations payable	35,078	(51,606)
Net cash from operating activities	<u>136,116</u>	<u>(614,620)</u>
Cash flows from investing activities		
Purchase of equipment	<u>-</u>	<u>(1,994)</u>
Net cash from investing activities	<u>-</u>	<u>(1,994)</u>
Cash flows from financing activities		
Principal payments on financing leases	<u>(6,771)</u>	<u>(6,717)</u>
Net cash from financing activities	<u>(6,771)</u>	<u>(6,717)</u>
Net change in cash and cash equivalents	129,345	(623,331)
Cash and cash equivalents, beginning of year	<u>557,548</u>	<u>1,180,879</u>
Cash and cash equivalents, end of year	<u>\$ 686,893</u>	<u>\$ 557,548</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year of interest	<u>\$ 61</u>	<u>\$ 115</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, 2025 and 2024

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, Steuben 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, Noble, and Steuben 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 Directors (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, 2025 and 2024

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 3.

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 of 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, 2025, and 2024, the allowance for uncollectible promises to give were \$195,591 and \$193,408, respectively.

CROSSROADS UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025 and 2024

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, 2025 and 2024 was \$2,114 and \$2,307, 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, 2025 and 2024

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, 2025 and 2024.

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, 2025 and 2024, 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.

CROSSROADS UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025 and 2024

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

Advertising Expenses

The Organization expenses advertising costs as they are incurred. Advertising expenses were \$9,922 and \$10,647 for the years ended December 31, 2025 and 2024, respectively.

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
Employee benefits	Time & effort
Payroll taxes	Time & effort
Professional fees	Function
Office expenses	Function
Printing & publications	Function
Occupancy & insurance	Square footage
Meetings & events	Function
Dues	Function
Program & grant assistance	Function
Community initiatives	Function
Credit card & bank fees	Function
Miscellaneous	Function

Lease

In accordance with FASB ASC 842, the Organization recognizes right-of-use (ROU) assets and a corresponding lease liability when a lease is determined to exist. Management determines the classification of a lease to be either an operating lease or a financing lease based on the net present value of the minimum lease payments, the duration of the lease compared to the corresponding asset's useful life, whether or not title to the asset transfers at the end of the lease, and whether or not the agreement includes a bargain purchase option. The Organization elected the package of practical expedients permitted under the transition guidance within the 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.

CROSSROADS UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025 and 2024

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

Lease (continued)

The Organization has elected to apply the short-term lease exception of all leases with a term of one year or less. Under the exception, leases with a term of one year or less do not require the recording of a ROU asset or lease liability on the balance sheet. Instead, the payments are expensed as incurred.

NOTE 2 – ACQUISITION OF STEUBEN COUNTY UNITED WAY, INC.

On July 1, 2025, Crossroads United Way Inc. acquired Steuben County United Way, Inc. The acquisition was completed to combine resources and expand the regional services area of Crossroads United Way, Inc to include Steuben County, together with Elkhart, LaGrange, and Noble Counties.

The acquisition accounting was final as of the acquisition date. Crossroads United Way, Inc. recognized cash acquired of \$11,982. No liabilities were assumed, and no net assets with donor restrictions were acquired. The acquired cash was recognized as an increase in net assets without donor restrictions in the accompanying Statement of Activities.

NOTE 3 – 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 non-financial 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.

CROSSROADS UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 4 – 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.

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 686,893	\$ 557,548
Investments	1,769,922	1,660,394
Other current receivables	-	10,000
Contributions receivable, net	616,353	568,316
Beneficial interest in assets held at Community Foundations	679,028	614,913
Total financial assets available	<u>3,752,196</u>	<u>3,411,171</u>
Amounts unavailable for general expenditures within one year		
Restricted by donors with purpose and time restrictions	(801,096)	(1,185,373)
Restricted by donors in perpetuity	(140,083)	(140,083)
Amounts unavailable to management without board's approval		
Board designated for quasi-endowment	(1,356,667)	(1,312,872)
Board designated for innovation grants	<u>(34,105)</u>	<u>(34,105)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 1,420,245</u>	<u>\$ 738,738</u>

The Organization maintains a policy of structuring its financial assets to be available as 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, 2025 and 2024, respectively to cover approximately 244 and 122 days of normal operating expenses.

CROSSROADS UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 5 – INVESTMENTS

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

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 101,918	\$ 86,268
Bank certificate of deposit	20,600	20,241
Equity mutual funds	856,806	764,594
Fixed income mutual funds	790,598	789,291
Total	<u>\$ 1,769,922</u>	<u>\$ 1,660,394</u>
Without donor restrictions	\$ 1,629,839	\$ 1,520,311
With donor restrictions	140,083	140,083
Total	<u>\$ 1,769,922</u>	<u>\$ 1,660,394</u>

NOTE 6 – 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.

CROSSROADS UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 6 – FAIR VALUE MEASUREMENT (CONTINUED)

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.

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).

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.

CROSSROADS UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 6 – FAIR VALUE MEASUREMENT (CONTINUED)

Level 3 – (continued) 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.

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, 2025 and 2024, 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:

	2025			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Beneficial interest in assets held at community foundations	\$ -	\$ -	\$ 679,028	\$ 679,028
Cash and cash equivalents	101,918	-	-	101,918
Certificate of deposit	-	20,600	-	20,600
Equity mutual funds	856,806	-	-	856,806
Fixed income mutual funds	790,598	-	-	790,598
Total assets at fair value	<u>\$ 1,749,322</u>	<u>\$ 20,600</u>	<u>\$ 679,028</u>	<u>\$ 2,448,950</u>

CROSSROADS UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 6 – FAIR VALUE MEASUREMENT (CONTINUED)

	2024			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Beneficial interest in assets held at community foundations	\$ -	\$ -	\$ 614,913	\$ 614,913
Cash and cash equivalents	86,268	-	-	86,268
Certificate of deposit	-	20,241	-	20,241
Equity mutual funds	764,594	-	-	764,594
Fixed income mutual funds	789,291	-	-	789,291
Total assets at fair value	<u>\$ 1,640,153</u>	<u>\$ 20,241</u>	<u>\$ 614,913</u>	<u>\$ 2,275,307</u>

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

	2025	2024
Balance at beginning of year	\$ 614,913	\$ 569,587
Change in value of beneficial interest in assets held at Community Foundations	64,115	45,326
Balance at end of year	<u>\$ 679,028</u>	<u>\$ 614,913</u>

NOTE 7 – LEASING AGREEMENTS

The Organization leased its Noble County, Indiana office facility on a month-to-month basis, with a minimum of 120-day cancellation notice by either party. The lease was terminated on March 31, 2025. The Organization was responsible for maintenance, utilities, and real estate taxes, and was required to maintain insurance on the property. The agreement required monthly lease payments of \$503. Lease expense for the years ended December 31, 2025 and 2024 was \$1,509 and \$6,036, respectively.

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, 2025 and 2024, was \$47,461 and \$43,334, which includes \$35,461 and \$31,334 of in-kind contributions of rent.

The Organization leases its Steuben County, Indiana office on a month-to-month basis under a lease agreement assumed in connection with the acquisition that occurred on July 1, 2025. The Organization is responsible for maintenance and the telephone bill, and is required to maintain insurance on the property. The agreement requires monthly lease payments of \$206. Lease expense for the year ended December 31, 2025 was \$1,239.

CROSSROADS UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 7 – LEASING AGREEMENTS (CONTINUED)

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, 2025 and 2024 were \$6,828.

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

	<u>2025</u>	<u>2024</u>
Assets:		
Right of use assets - financing leases	\$ 4,473	\$ 11,181
Liabilities:		
Financing lease liabilities - current	\$ 4,544	\$ 11,316

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

	<u>2025</u>	<u>2024</u>
Building occupancy (included in functional expenses)		
Operating lease cost	\$ 56,049	\$ 53,497
Amortization Expense (included in functional expenses)		
Financing lease cost	6,717	6,717

As of December 31, 2025, maturities of lease liabilities are as follows:

	<u>Financing</u>
2026	\$ 4,555
Total lease payments	4,555
Less imputed interest	(11)
Present value of lease liability	<u>\$ 4,544</u>

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

	<u>2025</u>	<u>2024</u>
Financing		
Cash paid for amounts included in measuring lease liabilities:	\$ 6,832	\$ 6,832
Lease assets obtained in exchange for lease obligations:	-	-

CROSSROADS UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 7 – LEASING AGREEMENTS (CONTINUED)

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

	<u>2025</u>	<u>2024</u>
Financing		
Weighted-average remaining lease term (in years)	0.58	1.59
Weighted-average discount rate	0.80%	0.80%

NOTE 8 – 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:

	<u>2025</u>	<u>2024</u>
Donor restricted endowment funds	\$ 140,083	\$ 140,083
Purpose restrictions	35,626	-
Time restrictions (net campaign contributions received for future period)	765,470	1,185,373
Total	<u>\$ 941,179</u>	<u>\$ 1,325,456</u>

NOTE 9 – 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:

	<u>2025</u>	<u>2024</u>
Undesignated	\$ 930,504	\$ 542,846
Board designated for Innovation Grants	34,105	34,105
Board designated for Quasi-Endowment	1,356,667	1,312,872
Total	<u>\$ 2,321,276</u>	<u>\$ 1,889,823</u>

Board designated for quasi-endowment

The Organization's Board has designated funds 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.

CROSSROADS UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 10 – 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.

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

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds			
Original donor restricted gift	\$ -	\$ 140,083	\$ 140,083
Board designated endowment funds	1,356,667	-	1,356,667
Total	<u>\$ 1,356,667</u>	<u>\$ 140,083</u>	<u>\$ 1,496,750</u>
	2024		
Donor restricted endowment funds			
Original donor restricted gift	\$ -	\$ 140,083	\$ 140,083
Board designated endowment funds	1,312,872	-	1,312,872
Total	<u>\$ 1,312,872</u>	<u>\$ 140,083</u>	<u>\$ 1,452,955</u>

Changes to endowment net assets for the year ended December 31, 2025, was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2024	\$ 1,312,872	\$ 140,083	\$ 1,452,955
Investment return	70,926	-	70,926
Appropriated for operations	(27,131)	-	(27,131)
Endowment net assets, December 31, 2025	<u>\$ 1,356,667</u>	<u>\$ 140,083</u>	<u>\$ 1,496,750</u>

CROSSROADS UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 11 – 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, 2025 and 2024, 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 \$643,350 and \$583,875, respectively. The total balance of the Fund, which includes original contribution, market growth and additional public contributions, approximated \$1,069,313 at the end of 2025 and \$960,380 at the end of 2024.

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, 2025 and 2024 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 \$35,678 and \$31,038 respectively.

NOTE 12 – GRANTS

Grant revenue includes the following:

	<u>2025</u>	<u>2024</u>
PNC grant	\$ 20,000	\$ 20,000
Dollar General Youth Literacy grant	-	3,000
Community Foundation of Elkhart Building Strong Brains	-	8,632
Early childhood education grant	25,000	-
Other grants	2,261	725
Natural disaster rapid response grant	50,000	-
UnitedIN24 grants	310,134	-
Merger and collaboration grant	95,000	-
Total net assets without donor restrictions	<u>\$ 502,395</u>	<u>\$ 32,357</u>

NOTE 13 – CONCENTRATION OF GEOGRAPHIC AREA

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

CROSSROADS UNITED WAY, INC.
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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 2025 and 2024. All contributions are immediately vested. A total of \$28,268 and \$18,632 was contributed by the Organization for 2025 and 2024, 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 with the Indiana Association of United Ways (IAUW) on April 1, 2009 to provide computer software and data hosting for campaign software (ANDAR) and accounting software (MIP). The Organization terminated the IAUW agreement effective December 31, 2024.

Effective January 1, 2025, the Organization entered into a contract with UPIC for software and data hosting services. On July 1, 2025, the Organization acquired Steuben County United Way, which was using IAUW for similar services at the acquisition date. The Steuben County United Way IAUW contract was terminated effective August 31, 2025.

Expense under these agreements was \$61,884 for the year ended December 31, 2025, consisting of \$58,335 related to the UPIC contract and \$3,509 related to the Steuben County United Way IAUW contract. Expense under the IAUW agreement was \$64,836 for the year ended December 31, 2024.

NOTE 16 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events for potential recognition and/or disclosure through August 10, 2026, 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, 2025.