

CROSSROADS UNITED WAY, INC.

FINANCIAL STATEMENTS

December 31, 2024 and 2023

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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, 2024 and 2023, 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, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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.

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

October 9, 2025

CROSSROADS UNITED WAY, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 557,548	\$ 1,180,879
Promises to give less allowance for uncollectible promises of \$193,408 in 2024 (\$358,064 in 2023)	578,316	813,907
Investments	1,660,394	1,510,247
Other receivable	-	5,483
Other current assets	29,040	19,475
Equipment, net	6,849	7,161
Financing lease right of use asset	11,181	18,033
Beneficial interest in assets held by community foundations	<u>614,913</u>	<u>569,587</u>
TOTAL ASSETS	<u><u>\$ 3,458,241</u></u>	<u><u>\$ 4,124,772</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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 8,222	\$ 16,143
Accrued salaries and wages	16,854	16,899
Allocations payable	153,438	315,375
Designations payable	53,132	104,738
Financing lease liability	11,316	18,033
Total liabilities	<u>242,962</u>	<u>471,188</u>
Net assets		
Without donor restrictions	542,846	1,218,774
Board designated- without donor restriction	<u>1,346,977</u>	<u>1,290,886</u>
Total without donor restrictions	1,889,823	2,509,660
With donor restrictions	<u>1,325,456</u>	<u>1,143,924</u>
Total net assets	<u>3,215,279</u>	<u>3,653,584</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,458,241</u></u>	<u><u>\$ 4,124,772</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, 2024

	2024			
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Combined Total</u>	<u>%</u>
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
Subtotal	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	79.86
Management and general	249,521	-	249,521	13.60
Fundraising	540,737	-	540,737	29.47
Unallocated dues to affiliated organizations	17,484	-	17,484	0.95
Total allocations and other functional expenses	2,272,962	-	2,272,962	123.89
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 ACTIVITIES
For the Year Ended December 31, 2023

	2023			
	Without Donor Restrictions	With Donor Restrictions	Combined Total	%
Support and revenue				
Campaign contributions net of donor designations and allowance for uncollectible pledges	\$ 205,865	\$ 943,588	\$ 1,149,453	62.49
Grants	68,084	75,000	143,084	7.78
Event income	234,888	-	234,888	12.77
Contributed goods and services	70,355	-	70,355	3.82
Other income	3,063	-	3,063	0.17
Interest and dividends	57,396	-	57,396	3.12
Unrealized gains on investments	37,569	-	37,569	2.04
Realized gains on investments	143,597	-	143,597	7.81
Total revenue	820,817	1,018,588	1,839,405	100.00
Net assets released from restriction	1,250,715	(1,250,715)	-	-
Total support and revenue	2,071,532	(232,127)	1,839,405	100.00
Allocations and other functional expenses				
Community impact programs	1,238,048	-	1,238,048	67.48
Management and general	259,328	-	259,328	14.13
Fundraising	572,850	-	572,850	31.22
Unallocated dues to affiliated organizations	31,019	-	31,019	1.69
Total allocations and other functional expenses	2,101,245	-	2,101,245	114.24
DECREASE IN NET ASSETS	(29,713)	(232,127)	(261,840)	<u>(14.24)</u>
Net assets, beginning of year	2,539,373	1,376,051	3,915,424	
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 FUNCTIONAL EXPENSES
For the Years Ended December 31, 2024 and 2023

	2024			2023				
	Program Expenses	Management and General	Fundraising Expenses	Total	Program Expenses	Management and General	Fundraising Expenses	Total
Salaries	\$ 306,794	\$ 90,008	\$ 262,120	\$ 658,922	\$ 321,429	\$ 92,309	\$ 268,466	\$ 682,204
Employee benefits	56,682	16,630	48,428	121,740	81,809	24,001	69,896	175,706
Payroll taxes	22,496	6,599	19,219	48,314	22,475	6,598	19,307	48,380
Professional fees	3,230	22,298	2,760	28,288	148	19,433	127	19,708
Office expenses	40,657	11,971	35,877	88,505	13,470	3,951	14,188	31,609
Printing & publications	16,558	1,923	25,773	44,254	1,468	2,163	49,534	53,165
Occupancy & insurance	33,365	12,054	39,035	84,454	38,576	11,610	37,248	87,434
Meetings & events	23,337	7,661	19,576	50,574	22,540	6,623	19,523	48,686
Dues	4,609	1,352	3,937	9,898	3,309	971	2,827	7,107
Allocations	635,750	-	-	635,750	614,933	-	-	614,933
Program & grant assistance	252,422	-	61,692	314,114	87,936	20,992	89,868	198,796
Community initiatives	17,151	107	-	17,258	-	-	-	-
Credit card & bank fees	10,163	7,163	8,683	26,009	2,113	845	1,861	4,819
Miscellaneous	42,006	69,448	13,637	125,091	27,842	68,174	5	96,021
Depreciation	-	2,307	-	2,307	-	1,658	-	1,658
United Way dues	-	-	-	17,484	-	-	-	31,019
Total expenses	\$ 1,465,220	\$ 249,521	\$ 540,737	\$ 2,272,962	\$ 1,238,048	\$ 259,328	\$ 572,850	\$ 2,101,245

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, 2024, and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Change in net assets	\$ (438,305)	\$ (261,840)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	2,307	1,658
Amortization of finance lease	6,852	6,664
Net change in operating investments	(150,147)	(167,552)
Net change in beneficial interest in assets held by Community foundations	(45,326)	(65,399)
Change in operating assets and liabilities:		
Promises to give	235,591	67,401
Grant receivable	-	240,697
Other receivable	5,483	(5,483)
Other current assets	(9,565)	(3,159)
Accounts payable	(169,859)	90,870
Accrued salaries & wages	(45)	2,286
Designations payable	(51,606)	31,218
Net cash from operating activities	<u>(614,620)</u>	<u>(62,639)</u>
Cash flows from investing activities		
Purchase of equipment	<u>(1,994)</u>	<u>(3,451)</u>
Net cash from investing activities	<u>(1,994)</u>	<u>(3,451)</u>
Cash flows from financing activities		
Principal payments on financing leases	<u>(6,717)</u>	<u>(6,899)</u>
Net cash from financing activities	<u>(6,717)</u>	<u>(6,899)</u>
Net change in cash and cash equivalents	(623,331)	(72,989)
Cash and cash equivalents, beginning of year	<u>1,180,879</u>	<u>1,253,868</u>
Cash and cash equivalents, end of year	<u>\$ 557,548</u>	<u>\$ 1,180,879</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year of interest	<u>\$ 115</u>	<u>\$ 169</u>

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

CROSSROADS UNITED WAY, INC.
NOTES TO THE FINACIAL STATEMENTS
December 31, 2024 and 2023

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, 2024 and 2023

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 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, 2024, and 2023, the allowance for uncollectible promises to give were \$193,408 and \$358,064, respectively.

CROSSROADS UNITED WAY, INC.
NOTES TO THE FINACIAL STATEMENTS
December 31, 2024 and 2023

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, 2024 and 2023 was \$2,307 and \$1,658, 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, 2024 and 2023

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, 2024 and 2023.

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, 2024 and 2023, 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, 2024 and 2023

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

Advertising Expenses

The Organization expenses advertising costs as they are incurred. Advertising expenses were \$10,647 and \$24,599 for the years ended December 31, 2024 and 2023, 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, 2024 and 2023

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.

Reclassifications

Certain reclassifications have been made to the 2023 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

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 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.

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
December 31, 2024 and 2023

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 557,548	\$ 1,180,879
Investments	1,660,394	1,510,247
Other current receivables	-	15,483
Contributions receivable, net	578,316	803,906
Beneficial interest in assets held at Community Foundations	614,913	569,587
Total financial assets available	<u>3,411,171</u>	<u>4,080,102</u>
Amounts unavailable for general expenditures within one year		
Restricted by donors with purpose and time restrictions	(1,185,373)	(1,003,842)
Restricted by donors in perpetuity	(140,083)	(140,083)
Amounts unavailable to management without board's approval		
Board designated for quasi-endowment	(1,312,872)	(1,220,781)
Board designated for innovation grants	<u>(34,105)</u>	<u>(70,105)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 738,738</u>	<u>\$ 1,645,291</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, 2024 and 2023, respectively to cover approximately 122 and 295 days of normal operating expenses.

NOTE 4 – INVESTMENTS

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

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 86,268	\$ 119,943
Bank certificate of deposit	20,241	19,582
Equity mutual funds	764,594	691,067
Fixed income mutual funds	789,291	679,655
Total	<u>\$ 1,660,394</u>	<u>\$ 1,510,247</u>
Without donor restrictions	\$ 1,520,311	\$ 1,370,164
With donor restrictions	140,083	140,083
Total	<u>\$ 1,660,394</u>	<u>\$ 1,510,247</u>

CROSSROADS UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024 and 2023

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
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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).

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.
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NOTE 5 – FAIR VALUE MEASUREMENT (CONTINUED)

Level 3 – (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, 2024 and 2023, 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:

2024				
	Level 1	Level 2	Level 3	
	Inputs	Inputs	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>

2023				
	Level 1	Level 2	Level 3	
	Inputs	Inputs	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
Equity mutual funds	691,067	-	-	691,067
Fixed income 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>

CROSSROADS UNITED WAY, INC.
NOTES TO THE FINACIAL STATEMENTS
December 31, 2024 and 2023

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:

	<u>2024</u>	<u>2023</u>
Balance at beginning of year	\$ 569,587	\$ 504,188
Change in value of beneficial interest in assets held at Community Foundations	<u>45,326</u>	<u>65,399</u>
Balance at end of year	<u>\$ 614,913</u>	<u>\$ 569,587</u>

NOTE 6 – LEASING AGREEMENTS

The Organization leases its Noble County, Indiana office facility on a month-to-month basis, with a minimum of 120-day cancellation notice by either party. The Organization is responsible for maintenance, utilities, and 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, 2024 and 2023 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, 2024 and 2023 was \$47,461 and \$43,334, respectively. The rent expense includes \$35,461 and \$31,334 for December 31, 2024 and 2023, 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, 2024 and 2023 were \$6,828.

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

	<u>2024</u>	<u>2023</u>
Assets:		
Right of use assets - financing leases	\$ 11,181	\$ 18,033
Liabilities:		
Financing lease liabilities - current	\$ 11,316	\$ 18,033

CROSSROADS UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 6 – LEASING AGREEMENTS (CONTINUED)

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>2024</u>	<u>2023</u>
Building occupancy (included in functional expenses)		
Operating lease cost	\$ 53,497	\$ 49,372
Amortization Expense (included in functional expenses)		
Financing lease cost	6,717	6,664

As of December 31, 2024, maturities of lease liabilities are as follows:

	<u>Financing</u>
2026	\$ 6,832
2027	4,556
Total lease payments	11,388
Less imputed interest	(72)
Present value of lease liability	<u>\$ 11,316</u>

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

	<u>2024</u>	<u>2023</u>
Financing		
Cash paid for amounts included in measuring lease liabilities:	\$ 6,832	\$ 6,832
Lease assets obtained in exchange for lease obligations:	-	-

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

	<u>2024</u>	<u>2023</u>
Financing		
Weighted-average remaining lease term (in years)	1.59	2.59
Weighted-average discount rate	0.80%	0.80%

CROSSROADS UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
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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:

	<u>2024</u>	<u>2023</u>
Donor restricted endowment funds	\$ 140,083	\$ 140,083
Time restrictions (net campaign contributions received for future period)	1,185,373	943,588
Purpose restrictions (private grants received for specific programs but not yet spent)	-	60,253
Total	<u>\$ 1,325,456</u>	<u>\$ 1,143,924</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:

	<u>2024</u>	<u>2023</u>
Undesignated	\$ 542,846	\$ 1,218,774
Board designated for Innovation Grants	34,105	70,105
Board designated for Quasi-Endowment	1,312,872	1,220,781
Total	<u>\$ 1,889,823</u>	<u>\$ 2,509,660</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.

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.
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NOTE 9 – ENDOWMENT NET ASSETS (CONTINUED)

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

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
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>
	2023		
Donor restricted endowment funds			
Original donor restricted gift	\$ -	\$ 140,083	\$ 140,083
Board designated endowment funds	1,220,781	-	1,220,781
Total	<u>\$ 1,220,781</u>	<u>\$ 140,083</u>	<u>\$ 1,360,864</u>

Changes to endowment net assets for the year ended December 31, 2024, was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2023	\$ 1,220,781	\$ 140,083	\$ 1,360,864
Investment return	117,689	-	117,689
Appropriated for operations	(25,598)	-	(25,598)
Endowment net assets, December 31, 2024	<u>\$ 1,312,872</u>	<u>\$ 140,083</u>	<u>\$ 1,452,955</u>

CROSSROADS UNITED WAY, INC.
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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, 2024 and 2023, 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 \$583,875 and \$541,258, respectively. The total balance of the Fund, which includes original contribution, market growth and additional public contributions, approximated \$960,380 at the end of 2024 and \$887,840 at the end of 2023.

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, 2024 and 2023 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 \$31,038 and \$28,329 respectively.

NOTE 11 – GRANTS

Grant revenue includes the following:

	<u>2024</u>	<u>2023</u>
PNC grant	\$ 20,000	\$ -
Dollar General Youth Literacy grant	3,000	-
Community Foundation of Elkhart Building Strong Brains	8,632	-
Other grants	725	-
FEMA income	-	1,571
UnitedIN22 grant	-	55,000
Financial stability grant	-	66,513
Kit build grants	-	20,000
Total net assets without donor restrictions	<u>\$ 32,357</u>	<u>\$ 143,084</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 FINACIAL STATEMENTS
December 31, 2024 and 2023

NOTE 13 – 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 2024 and 2023. All contributions are immediately vested. A total of \$18,632 and \$23,951 was contributed by the Organization for 2024 and 2023, 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 14 – 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, 2024 and 2023 was \$64,836 and \$61,336, respectively.

NOTE 15 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events for potential recognition and/or disclosure through October 9, 2025, 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, 2024.