

AUDITED FINANCIAL STATEMENTS

UNITED WAY OF GREATER STARK COUNTY, INC.

March 31, 2019 and 2018



HALL, KISTLER & COMPANY LLP
CONSULTANTS AND CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
United Way of Greater Stark County, Inc.
Canton, Ohio

We have audited the accompanying financial statements of United Way of Greater Stark County, Inc. (United Way), which comprise the statements of financial position as of March 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way as of March 31, 2019 and 2018, 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.

Hall, Kistler & Company LLP
Certified Public Accountants

Canton, Ohio
July 27, 2019

STATEMENTS OF FINANCIAL POSITION

UNITED WAY OF GREATER STARK COUNTY, INC.

March 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,544,366	\$ 1,999,554
Restricted cash	8,974	8,965
Accrued investment income	20,320	17,154
Pledges receivable, net	2,548,587	2,603,040
Other receivables	68,020	-
Prepaid expenses	30,614	23,658
Loans and advances	113,981	141,602
Investments, at fair value	10,399,300	10,451,024
Equipment, net	174,242	225,827
TOTAL ASSETS	<u>\$ 14,908,404</u>	<u>\$ 15,470,824</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 145,439	\$ 129,557
Accrued payroll and withholding taxes	77,778	54,684
Allocations payable	85,904	58,028
Designations payable	271,692	292,033
Miscellaneous payable	29,968	25,771
TOTAL LIABILITIES	<u>610,781</u>	<u>560,073</u>
Commitments - Note J		
Net assets:		
Without donor restrictions:		
Appropriated - Note F	2,593,490	2,815,625
Unappropriated	4,761,844	4,928,259
	<u>7,355,334</u>	<u>7,743,884</u>
With donor restrictions - Note G	6,942,289	7,166,867
TOTAL NET ASSETS	<u>14,297,623</u>	<u>14,910,751</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 14,908,404</u>	<u>\$ 15,470,824</u>

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

STATEMENT OF ACTIVITIES

UNITED WAY OF GREATER STARK COUNTY, INC.

Year Ended March 31, 2019

	Without Donor Restrictions	With Donor Restrictions	TOTAL
<u>PUBLIC SUPPORT & REVENUE</u>			
Gross campaign results - current contributions received	\$ -	\$ 5,545,855	\$ 5,545,855
Less: Donor designations	12,010	(295,197)	(283,187)
Provision for uncollectible	80,042	(165,671)	(85,629)
Net campaign revenue	92,052	5,084,987	5,177,039
Grants and contracts	418,575	-	418,575
Investment income, net of fees of \$57,680	127,733	12,294	140,027
Donation revenue	100	-	100
Net (loss) on assets reported at fair value	(11,806)	(20,388)	(32,194)
Miscellaneous income	237,419	-	237,419
Prior year net campaign revenue released from restriction	5,301,471	(5,301,471)	-
TOTAL REVENUE	6,165,544	(224,578)	5,940,966
<u>EXPENSES</u>			
Program services:			
Allocations to agencies	3,851,930	-	3,851,930
Volunteer and community services	183,632	-	183,632
Planning and allocations	567,156	-	567,156
Financial Stability Initiative	459,247	-	459,247
211 and emergency assistance	401,441	-	401,441
Total program services	5,463,406	-	5,463,406
Supporting services:			
Management and general	333,660	-	333,660
Fund raising	757,028	-	757,028
Total supporting services	1,090,688	-	1,090,688
TOTAL EXPENSES	6,554,094	-	6,554,094
Change in net assets	(388,550)	(224,578)	(613,128)
Net assets at beginning of period	7,743,884	7,166,867	14,910,751
Net assets at end of period	<u>\$ 7,355,334</u>	<u>\$ 6,942,289</u>	<u>\$ 14,297,623</u>

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

STATEMENT OF ACTIVITIES

UNITED WAY OF GREATER STARK COUNTY, INC.

Year Ended March 31, 2018

	Without Donor Restrictions	With Donor Restrictions	TOTAL
Gross campaign results - current contributions received	\$ -	\$ 5,771,722	\$ 5,771,722
Less: Donor designations	9,567	(314,381)	(304,814)
Provision for uncollectible	26,649	(177,541)	(150,892)
Net campaign revenue	36,216	5,279,800	5,316,016
Grants and contracts	390,037	-	390,037
Investment income, net of fees of \$49,000	91,127	9,584	100,711
Donation revenue	20,000	-	20,000
Net gain on assets reported at fair value	572,127	72,906	645,033
Miscellaneous income	200,728	-	200,728
Prior year net campaign revenue released from restriction	5,569,959	(5,569,959)	-
TOTAL REVENUE	6,880,194	(207,669)	6,672,525
<u>EXPENSES</u>			
Program services:			
Allocations to agencies	3,791,313	7,345	3,798,658
Volunteer and community services	173,393	-	173,393
Planning and allocations	473,172	-	473,172
Financial Stability Initiative	452,647	-	452,647
211 and emergency assistance	388,341	-	388,341
Total program services	5,278,866	7,345	5,286,211
Supporting services:			
Management and general	326,331	-	326,331
Fund raising	693,740	-	693,740
Total supporting services	1,020,071	-	1,020,071
TOTAL EXPENSES	6,298,937	7,345	6,306,282
Change in net assets	581,257	(215,014)	366,243
Net assets at beginning of period	7,162,627	7,381,881	14,544,508
Net assets at end of period	\$ 7,743,884	\$ 7,166,867	\$ 14,910,751

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

STATEMENT OF FUNCTIONAL EXPENSES

UNITED WAY OF GREATER STARK COUNTY, INC.

Year Ended March 31, 2019

	PROGRAM SERVICES					SUPPORTING SERVICES			TOTAL	
	ALLOCATION SERVICES	VOLUNTEER AND COMMUNITY SERVICES	PLANNING AND ALLOCATIONS	FINANCIAL PROSPERITY CENTER	211 AND EMERGENCY ASSISTANCE	TOTAL	MANAGEMENT AND GENERAL	FUND RAISING		TOTAL
Salaries	\$ -	\$ 89,253	\$ 287,973	\$ 242,115	\$ 54,538	\$ 673,879	\$ 159,175	\$ 403,083	\$ 562,258	\$ 1,236,137
Employee benefits	-	10,714	36,420	36,199	4,345	87,678	18,843	49,832	68,675	156,353
Payroll taxes	-	8,996	21,864	21,933	4,742	57,535	11,998	31,301	43,299	100,834
TOTAL SALARIES AND RELATED EXPENSES	-	108,963	346,257	300,247	63,625	819,092	190,016	484,216	674,232	1,493,324
Allocations to agencies	3,851,930	-	-	-	-	3,851,930	-	-	-	3,851,930
Capital grants	-	-	-	-	-	-	-	-	-	-
Professional fees	-	10,802	90,380	36,063	198,549	335,794	40,738	36,979	77,717	413,511
Supplies	-	762	2,422	5,455	184	8,823	1,986	3,500	5,486	14,309
Telephone	-	1,333	3,035	4,136	289	8,793	2,246	5,641	7,887	16,680
Postage and shipping	-	300	38	1,061	5	1,404	2,321	4,860	7,181	8,585
Occupancy	-	16,558	39,006	22,957	31,046	109,567	22,926	46,489	69,415	178,982
Repairs and maintenance	-	8,578	14,336	25,758	953	49,625	8,369	31,351	39,720	89,345
Printing and publications	-	4,976	11,050	18,263	936	35,225	15,479	85,943	101,422	136,647
Travel	-	1,603	9,499	3,751	799	15,652	822	8,711	9,533	25,185
Conferences and meetings	-	9,844	3,417	1,484	129	14,874	1,293	3,844	5,137	20,011
Specific assistance to individuals	-	-	-	-	93,384	93,384	-	-	-	93,384
Payments made to affiliated organizations	-	7,942	15,684	21,005	1,456	46,087	12,663	23,052	35,715	81,802
Membership dues	-	456	4,601	829	27	5,913	594	2,033	2,627	8,540
Insurance	-	-	-	-	-	-	13,794	-	13,794	13,794
Miscellaneous	-	6,150	14,793	17,206	-	38,149	12,985	5,346	18,331	56,480
TOTAL EXPENSES BEFORE DEPRECIATION	3,851,930	178,267	554,518	458,215	391,382	5,434,312	326,232	741,965	1,068,197	6,502,509
Depreciation	-	5,365	12,638	1,032	10,059	29,094	7,428	15,063	22,491	51,585
TOTAL FUNCTIONAL EXPENSES	\$ 3,851,930	\$ 183,632	\$ 567,156	\$ 459,247	\$ 401,441	\$ 5,463,406	\$ 333,660	\$ 757,028	\$ 1,090,688	\$ 6,554,094

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

STATEMENT OF FUNCTIONAL EXPENSES

UNITED WAY OF GREATER STARK COUNTY, INC.

Year Ended March 31, 2018

	PROGRAM SERVICES					SUPPORTING SERVICES			TOTAL
	ALLOCATION SERVICES	VOLUNTEER AND COMMUNITY SERVICES	PLANNING AND ALLOCATIONS	FINANCIAL PROSPERITY CENTER	211 AND EMERGENCY ASSISTANCE	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL	
Salaries	\$ -	\$ 87,475	\$ 237,117	\$ 249,452	\$ 64,167	\$ 638,211	\$ 350,920	\$ 502,519	\$ 1,140,730
Employee benefits	-	11,586	35,658	34,479	4,675	86,398	52,724	72,278	158,676
Payroll taxes	-	6,646	17,453	18,220	4,834	47,153	24,840	35,487	82,640
TOTAL SALARIES AND RELATED EXPENSES	-	105,707	290,228	302,151	73,676	771,762	428,484	610,284	1,382,046
Allocations to agencies	3,791,313	-	-	-	-	3,791,313	-	-	3,791,313
Capital grants	7,345	-	-	-	-	7,345	-	-	7,345
Professional fees	-	12,834	65,338	22,871	194,513	295,556	39,565	76,484	372,040
Supplies	-	1,036	2,102	4,611	141	7,890	2,705	5,514	13,404
Telephone	-	1,720	2,557	3,087	300	7,664	5,135	7,220	14,884
Postage and shipping	-	-	251	584	11	846	8,300	10,421	11,267
Occupancy	-	13,805	35,316	30,107	29,537	108,765	51,368	78,657	187,422
Repairs and maintenance	-	7,910	16,241	18,305	825	43,281	24,105	32,827	76,108
Printing and publications	-	3,836	9,654	13,086	2,806	29,382	67,411	82,666	112,048
Travel	-	1,043	3,066	3,208	1,232	8,549	4,709	5,047	13,596
Conferences and meetings	-	6,635	3,441	2,121	229	12,426	12,313	15,859	28,285
Specific assistance to individuals	-	-	-	-	73,077	73,077	-	-	73,077
Payments made to affiliated organizations	-	10,412	15,243	18,876	1,791	46,322	24,796	38,484	84,806
Membership dues	-	377	6,265	572	13	7,227	1,510	1,831	9,058
Insurance	-	-	-	-	-	-	-	11,501	11,501
Miscellaneous	-	3,328	11,319	31,963	27	46,637	5,665	16,213	62,850
TOTAL EXPENSES BEFORE DEPRECIATION	3,798,658	168,643	461,021	451,542	378,178	5,258,042	676,066	993,008	6,251,050
Depreciation	-	4,750	12,151	1,105	10,163	28,169	17,674	27,063	55,232
TOTAL FUNCTIONAL EXPENSES	\$ 3,798,658	\$ 173,393	\$ 473,172	\$ 452,647	\$ 388,341	\$ 5,286,211	\$ 693,740	\$ 1,020,071	\$ 6,306,282

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

STATEMENTS OF CASH FLOWS

UNITED WAY OF GREATER STARK COUNTY, INC.

Years Ended March 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (613,128)	\$ 366,243
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	51,585	55,232
(Decrease) in provision for uncollectible pledges	-	(3,540)
(Gain)/loss on investments reported at fair value	32,194	(645,034)
Decrease (increase) in assets:		
Accrued investment income	(3,166)	(5,910)
Restricted cash	(9)	(9)
Pledges receivable	54,453	200,714
Other receivables	(68,020)	-
Prepaid expenses	(6,957)	(8,507)
(Decrease) increase in liabilities:		
Accounts payable	15,882	17,827
Accrued payroll and withholding taxes	23,094	3,204
Allocations payable	27,876	24,091
Designations payable	(20,341)	(3,888)
Miscellaneous payable	4,197	(2,957)
Total adjustments	<u>110,788</u>	<u>(368,777)</u>
Cash (used in) operating activities	<u>(502,340)</u>	<u>(2,534)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from sales and maturities of investments	3,030,892	1,964,148
Purchase of investments	(3,011,361)	(1,916,852)
Repayment of loan receivables	27,621	33,853
Purchase of equipment	-	(44,808)
Cash provided by investing activities	<u>47,152</u>	<u>36,341</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(455,188)	33,807
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,999,554</u>	<u>1,965,747</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,544,366</u>	<u>\$ 1,999,554</u>

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

NOTES TO FINANCIAL STATEMENTS

UNITED WAY OF GREATER STARK COUNTY, INC.

March 31, 2019 and 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The United Way of Greater Stark County, Inc. (United Way) serves all of Stark County and parts of Carroll, Columbiana, Mahoning, Portage and Wayne Counties. United Way recruits' volunteers and raises funds to provide support to the community through a wide variety of programs and agencies to address human needs with measurable results.

Basis of Accounting

The financial statements of United Way have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, other assets, payables and other liabilities.

Basis of Presentation

United Way reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions, and net assets without donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Equivalents

Cash equivalents consist of money market instruments and certificates of deposit purchased with original maturities of three months or less. The basis of cash equivalents approximates market value.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value, based on quoted prices in active markets (Level 1 measurements). United Way's investment in the Stark Community Foundation Pooled Account (Level 3 measurement) is reported at fair value, based on reports by investment managers and the audited statements of the funds within the investment pool. United Way believes this method provides a reasonable estimate of fair value. Interest and dividend income, net of applicable management fees, and net realized and unrealized gains or losses on fair value of investments are included in the statement of activities and reported as increases or decreases within the appropriate class of net assets.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risk

United Way's receivables are primarily from individuals and businesses in the greater Stark County, and parts of Carroll, Columbiana, Mahoning, Portage and Wayne Counties of Ohio.

At March 31, 2019 and 2018, cash and cash equivalent balances as confirmed by the banks were in excess of Federally insured limits. United Way believes that no significant credit risk exists on its cash and cash equivalent balances.

Contributions

Contributions received are recorded as net assets with donor restrictions, or net assets without donor restrictions, depending on the existence or nature of any donor restrictions.

Support that is restricted by donors is reported as an increase in net assets without restrictions if the restriction expires in the reporting period in which the support is recognized. All other 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 (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Pledges are recorded in the statement of financial position as they are received, and an allowance is computed using historical averages adjusted by management estimates of current economic conditions applied to gross campaign (see Note C).

Functional Allocation of Expenses

Costs of providing various programs have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

United Way is exempt from Federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3).

Uncertain Tax Positions. The United Way adopted the provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. The provisions prescribe a two-step process for recognizing and measuring income tax uncertainties. First, a threshold condition of “more likely than not” should be met to determine whether any of the benefit from an uncertain tax position should be recognized in the financial statements. If the recognition threshold is met, FASB ASC 740-10 provides additional guidance on measuring the amount of the uncertain tax position. The United Way may recognize a tax benefit from an uncertain tax position under FASB ASC 740-10 only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefit recognized in the financial statements from an uncertain position should be measured under FASB ASC 740-10 based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. FASB ASC 740-10 also provides guidance on derecognition, classification, transition and increased disclosure of uncertain tax positions. The United Way recognized no liability for unrecognized tax benefits resulting from the adoption of FASB ASC 740-10 or as of March 31, 2019 and 2018.

Donor Designations

Donor designations deducted from current year campaign contributions on the statement of activities consist of all pledges designated to external entities/agencies/programs over which the United Way exercises/retains no discretion as to the use due to: Donor instruction, contractual agreement between the organizations as to the distribution of pledges across services and boundaries or other circumstances that remove the United Way’s discretion as to use.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE B - INVESTMENTS

Investments stated at fair value at March 31, 2019 are summarized as follows:

<u>Asset Category</u>	<u>Fair Value at March 31, 2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Government and Agency Bonds	\$ 3,391,804	\$3,391,804	\$ -	\$ -
Mutual Funds:				
Fixed Income	154,028	154,028	-	-
Equity	918,990	918,990	-	-
Marketable Equity Securities	1,457,808	1,457,808	-	-
Investment in Stark Community Foundation Pooled Account	4,476,670	-	-	4,476,670
	<u>\$ 10,399,300</u>	<u>\$5,922,630</u>	<u>\$ -</u>	<u>\$4,476,670</u>

Investments stated at fair value at March 31, 2018 are summarized as follows:

<u>Asset Category</u>	<u>Fair Value at March 31, 2018</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Government and Agency Bonds	\$ 3,120,527	\$ 3,120,527	\$ -	\$ -
Mutual Funds:				
Fixed Income	77,325	77,325	-	-
Equity	1,368,148	1,368,148	-	-
Marketable Equity Securities	1,207,669	1,207,669	-	-
Investment in Stark Community Foundation Pooled Account	4,677,355	-	-	4,677,355
	<u>\$ 10,451,024</u>	<u>\$ 5,773,669</u>	<u>\$ -</u>	<u>\$4,677,355</u>

FASB ASC 820-10 *Fair Value Measurements* established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the measurement in its entirety.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE B - INVESTMENTS (CONTINUED)

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. A quoted price in an active market provides the most reliable evidence of fair value. The United Way's investments in U.S. government and agency bonds, mutual funds and marketable equity securities are Level 1 inputs.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and include: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. The United Way had no Level 2 inputs.

Level 3 inputs are unobservable inputs for the asset or liability, that is, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk) developed based on the best information available in the circumstances. The United Way's investment in the Stark Community Foundation Pooled Account is a Level 3 input.

Fair Value Measurements Using Significant Unobservable Inputs (Level 3) at March 31, 2019:

Beginning balance	\$ 4,677,355
Transfer into Level 3 as donation revenue	100
Total gains or losses for the period	(84,095)
Total other earned income	53,047
Total disbursements	<u>(169,737)</u>
Ending Balance	<u>\$ 4,476,670</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE B - INVESTMENTS (CONTINUED)

Fair Value Measurements Using Significant Unobservable Inputs (Level 3) at March 31, 2018:

Beginning balance	\$ 4,108,253
Transfer into Level 3 from other investments	320,957
Transfer into Level 3 as donation revenue	20,000
Total gains or losses for the period	370,479
Total other earned income	33,666
Total disbursements	<u>(176,000)</u>
Ending Balance	<u>\$ 4,677,355</u>

NOTE C - PLEDGES RECEIVABLE

Pledges receivable and related information at March 31, 2019 and 2018 are summarized as follows:

	PLEDGE YEAR 2019		TOTAL
	CURRENT	PRIOR	
Gross pledges	\$ 5,522,351	\$ 5,888,041	\$ 11,410,392
Collections to date	<u>(2,808,093)</u>	<u>(5,787,513)</u>	<u>(8,595,606)</u>
Unpaid pledge amount	2,714,258	100,528	2,814,786
Allowance for uncollectible accounts	<u>(165,671)</u>	<u>(100,528)</u>	<u>(266,199)</u>
	<u>\$ 2,548,587</u>	<u>\$ -</u>	<u>\$ 2,548,587</u>
	PLEDGE YEAR 2018		
	CURRENT	PRIOR	TOTAL
Gross pledges	\$ 5,749,375	\$ 6,015,288	\$ 11,764,663
Collections to date	<u>(2,968,794)</u>	<u>(5,841,795)</u>	<u>(8,810,589)</u>
Unpaid pledge amount	2,780,581	173,493	2,954,074
Allowance for uncollectible accounts	<u>(177,541)</u>	<u>(173,493)</u>	<u>(351,034)</u>
	<u>\$ 2,603,040</u>	<u>\$ -</u>	<u>\$ 2,603,040</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE D - LOANS RECEIVABLE

Loans receivable represent funds advanced to agencies participating in the defined benefit plan to cover their respective portion of the termination liability. Loans are stated at unpaid balances, less any applicable allowance for loan loss. The loans are collateralized by future allocations from the United Way. At March 31, 2019 and 2018 future allocations to the agencies were sufficient to cover 89% of the outstanding principal balance and as such no allowance has been recorded. Repayment terms are 10 years and interest will be charged at a rate of 1% for the first five years and 4% for the remaining term. Interest on loans is recognized over the term of the loan and is calculated using the interest method on principal amounts outstanding. The loans had an outstanding principal balance of \$113,981 and \$141,602 as of March 31, 2019 and 2018, respectively.

Interest received was \$5,165 and \$2,672 for the years ended March 31, 2019 and 2018, respectively.

NOTE E - EQUIPMENT

Equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which generally range from 3 to 15 years. Provision for depreciation amounted to \$51,585 and \$55,232 for the years ended March 31, 2019 and 2018, respectively.

Equipment is summarized as follows at March 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Office equipment	\$ 370,774	\$ 370,774
Leasehold improvements	235,412	235,412
	<u>606,186</u>	<u>606,186</u>
Accumulated depreciation	(431,944)	(380,359)
	<u>\$ 174,242</u>	<u>\$ 225,827</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE F - APPROPRIATED NET ASSETS WITHOUT DONOR RESTRICTIONS

By action of the Board of Trustees, certain net assets without donor restrictions have been appropriated for specific purposes. The following schedule summarizes, by purpose, the composition of these net assets at March 31, 2019 and 2018:

<u>APPROPRIATED FOR</u>	2019	2018
Operating reserves	\$ 1,720,000	\$ 1,740,000
Accumulated increase on investments reported at fair value	873,490	1,075,625
	\$ 2,593,490	\$ 2,815,625

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

	2019	2018
Campaign revenue for future allocation period	\$ 5,090,551	\$ 5,285,364
CARE Team	801,149	822,820
Alvarez Subfund	22,335	22,507
Capital Improvements Subfund	1,028,254	1,036,176
	\$ 6,942,289	\$ 7,166,867

Net assets released from restrictions of \$5,301,471 for the year ended March 31, 2019 and \$5,569,959 for the year ended March 31, 2018 resulted from incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donors.

NOTE H - PENSION PLAN

Thrift Plan

United Way adopted a contributory tax deferred nonparticipating annuity plan under rules provided under Internal Revenue Code Section 403(b). The Organization makes a matching contribution of 3% of an employees' salary. Elective deferrals may be made by employees. Expenses reported in the financial statements for this plan amounted to \$23,479 and \$24,667 for the years ended March 31, 2019 and 2018, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE I - OPERATING LEASES

United Way has entered into various noncancellable operating lease agreements for the rental of office facilities (see Note M) and equipment. Minimum rentals are as follows:

YEAR ENDED MARCH 31:

2020	\$ 161,755
2021	162,000
2022	162,000
2023	162,000
Thereafter	216,000
TOTAL	<u>\$ 863,756</u>

Rent expense charged to operations was \$178,982 and \$187,422 for the years ended March 31, 2019 and 2018, respectively.

NOTE J - COMMITMENTS

Ways to Work

Beginning in 2014, the United Way began a program with a local bank and the National Ways to Work, Inc. office to provide small loans to non-credit worthy, low income persons, primarily for the purpose of buying or repairing a motor vehicle for the applicant's employment. In conjunction with the services provided through the program, the United Way acted as originator and guarantor on the loans approved. The loans are not recorded as a direct asset or liability for the United Way, but as guarantor a portion may become a liability in the event of a default by the applicant.

In 2017, the National Ways to Work program discontinued their loan program. National Ways to Work will continue to service existing debt but is not offering further loans.

Repossession expenses totaled \$1,235 and \$31,800 for the years ended March 31, 2019 and 2018, respectively. Repo expenses are included as miscellaneous within the Ways to Work/Vita program services.

As of March 31, 2019, the United Way did not have any loans outstanding and none guaranteed. Total loans guaranteed amounted to \$32,056 at March 31, 2018.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE J - COMMITMENTS (CONTINUED)

Call Center

The United Way entered into an agreement with the United Way of Greater Cleveland to provide call center services in the United Ways 211 Help Center program for information and referral services through March 31, 2019. The agreement has continued on a month to month basis and United Way is in the process of reviewing this service.

Financial Prosperity Center

The United Way is a participant with various other organizations in a collaborative local workforce development system, in which the terms of the arrangement are covered under a memorandum of understanding signed by the participating organizations that is in effect until June 30, 2019. As part of this arrangement, United Way is required to pay its proportional share of certain occupancy-related expenses as outlined in the memorandum of understanding. For the years ended March 31, 2019 and 2018, these amounts totaled \$19,773 and \$26,897, respectively. See Note P.

NOTE K - PAYMENTS MADE TO AFFILIATE ORGANIZATIONS

The United Way had the following payments made to affiliated organizations as of March 31:

	<u>2019</u>	<u>2018</u>
United Way Worldwide	\$ 63,850	\$ 64,749
Ohio United Way	17,027	20,057
	<u>\$ 80,877</u>	<u>\$ 84,806</u>

NOTE L - DONATED SERVICES

The United Way records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the years ended March 31, 2019 and 2018 \$132,724 and \$176,368, respectively, were reflected in the accompanying financial statements, for contributed professional and advertising services, as in-kind contributions and were offset by like amounts included in expenses.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE L - DONATED SERVICES (CONTINUED)

In addition, many individuals volunteer their time and perform a variety of tasks that assist United Way with specific assistance programs, campaign solicitations, and various committee assignments. United Way receives thousands of volunteer hours per year. However, no amounts have been reflected in the financial statements for these donated services since they do not meet the criteria for recording in the financial statements. United Way management estimates that the fair value of donated services received but not recognized as revenues was \$530,193 and \$606,034 for the years ended March 31, 2019 and 2018, respectively.

NOTE M - RELATED PARTY TRANSACTIONS

For the year ended March 31, 2019, the United Way paid \$108,000 for maintenance of and consultation related to their website to a company owned by a member of the board of directors.

For the year ended March 31, 2018, the United Way leased office space from a company that was majority owned by a member of the board of directors. The location was selected after an extensive search process and in managements opinion the building represented the most favorable terms and location to carry out the United Way's mission. Effective March 31, 2018, that individual's term on the board of directors expired. Rent expense charged to operations under this lease agreement was \$144,000 for the year ended March 31, 2018.

NOTE N - NEW ACCOUNTING PRONOUNCEMENTS

On August 18, 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. United Way has adjusted the presentation of its financial statements, accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of United Way's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources (Note O).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE N - NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

The changes have the following effect on net assets at March 31, 2018:

	As Originally Presented	After Adoption Of ASU 2016-14
Net Asset Class:		
Unrestricted net assets	\$ 7,743,884	\$ -
Temporarily restricted net assets	7,166,867	-
Permanently restricted net assets	-	-
Net assets without donor restrictions	-	7,743,884
Net assets with donor restrictions	-	7,166,867
Total net assets	\$ 14,910,751	\$ 14,910,751

In addition, certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE O - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As part of the United Way's liquidity management plan, cash in excess of daily requirements is invested (see Note B). The Board of Trustees directs all bequests to net assets without donor restrictions if they are not restricted by the decedent as to use. These funds may be drawn upon, if necessary, to meet unexpected liquidity needs or in the event of financial distress. Available assets comprise the following at March 31, 2019:

Cash and cash equivalents	\$ 1,544,366
Investments	10,399,300
Notes receivable scheduled to be collected in 12 months	28,737
Pledges receivable, net	2,548,587
Other receivables	68,020
Financial Assets, at year end	14,589,010
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Subject to appropriation and satisfaction of donor restrictions	(6,942,289)
Financial assets available to meet cash needs for general expenditures within one year	\$ 7,646,721

See independent auditor's report.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE P - SUBSEQUENT EVENTS

The United Way has evaluated subsequent events through July 27, 2019, the date which the financial statements were available to be issued.

In July 2019, the United Way signed a new memorandum of understanding covering occupancy-related expenses for the Financial Prosperity Center. The arrangement is in effect until June 30, 2021. See Note J.