

AUDITED FINANCIAL STATEMENTS

UNITED WAY OF GREATER STARK COUNTY, INC.

March 31, 2020 and 2019



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, 2020 and 2019, 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, 2020 and 2019, 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 30, 2020

STATEMENTS OF FINANCIAL POSITION

UNITED WAY OF GREATER STARK COUNTY, INC.

March 31, 2020 and 2019

	2020	2019
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,100,810	\$ 1,544,366
Restricted cash	-	8,974
Accrued investment income	18,569	20,320
Pledges receivable, net	2,717,015	2,548,587
Other receivables	2,674	68,020
Prepaid expenses	20,316	30,614
Loans and advances	85,244	113,981
Investments, at fair value	9,842,392	10,399,300
Equipment, net	132,832	174,242
TOTAL ASSETS	\$ 13,919,852	\$ 14,908,404
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 113,535	\$ 145,439
Accrued payroll and withholding taxes	85,818	77,778
Allocations payable	75,375	85,904
Designations payable	315,552	271,692
Miscellaneous payable	32,561	29,968
TOTAL LIABILITIES	622,841	610,781
Commitments - Note J		
Net assets:		
Without donor restrictions:		
Appropriated - Note F	2,050,749	2,593,490
Unappropriated	4,291,013	4,761,844
	6,341,762	7,355,334
With donor restrictions - Note G	6,955,249	6,942,289
TOTAL NET ASSETS	13,297,011	14,297,623
TOTAL LIABILITIES AND NET ASSETS	\$ 13,919,852	\$ 14,908,404

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, 2020

	Without Donor Restrictions	With Donor Restrictions	TOTAL
<u>PUBLIC SUPPORT & REVENUE</u>			
Gross campaign results - current			
contributions received	\$ -	\$ 5,795,972	\$ 5,795,972
Less: Donor designations	(16,948)	(352,220)	(369,168)
Provision for uncollectible	73,461	(172,779)	(99,318)
Net campaign revenue	56,513	5,270,973	5,327,486
Grants and contracts	503,265	-	503,265
Investment income, net of			
fees of \$69,808	120,270	6,967	127,237
Donation revenue	-	-	-
Net (loss) on assets reported			
at fair value	(435,438)	(95,519)	(530,957)
Miscellaneous income	219,822	-	219,822
Prior year net campaign revenue			
released from restriction	5,163,718	(5,163,718)	-
TOTAL REVENUE	5,628,150	18,703	5,646,853
<u>EXPENSES</u>			
Program services:			
Allocations to agencies	3,941,771	5,743	3,947,514
Volunteer and community services	216,321	-	216,321
Planning and allocations	575,674	-	575,674
Financial Stability Initiative	465,264	-	465,264
211 and emergency assistance	399,924	-	399,924
Total program services	5,598,954	5,743	5,604,697
Supporting services:			
Management and general	317,068	-	317,068
Fundraising	725,700	-	725,700
Total supporting services	1,042,768	-	1,042,768
TOTAL EXPENSES	6,641,722	5,743	6,647,465
Change in net assets	(1,013,572)	12,960	(1,000,612)
Net assets at beginning of period	7,355,334	6,942,289	14,297,623
Net assets at end of period	\$ 6,341,762	\$ 6,955,249	\$ 13,297,011

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>TOTAL</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	<u>92,052</u>	<u>5,084,987</u>	<u>5,177,039</u>
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	<u>6,165,544</u>	<u>(224,578)</u>	<u>5,940,966</u>
<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	<u>5,463,406</u>	<u>-</u>	<u>5,463,406</u>
Supporting services:			
Management and general	333,660	-	333,660
Fundraising	757,028	-	757,028
Total supporting services	<u>1,090,688</u>	<u>-</u>	<u>1,090,688</u>
TOTAL EXPENSES	<u>6,554,094</u>	<u>-</u>	<u>6,554,094</u>
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 FUNCTIONAL EXPENSES

UNITED WAY OF GREATER STARK COUNTY, INC.

Year Ended March 31, 2020

	PROGRAM SERVICES					SUPPORTING SERVICES			GRAND 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	\$ -	\$ 121,698	\$ 344,385	\$ 254,800	\$ 24,985	\$ 745,868	\$ 165,968	\$ 392,843	\$ 558,811	\$ 1,304,679
Employee benefits	-	12,749	33,903	26,751	2,600	76,003	17,962	41,767	59,729	135,732
Payroll taxes	-	9,207	25,700	26,536	2,013	63,456	11,519	28,144	39,663	103,119
TOTAL SALARIES AND RELATED EXPENSES	-	143,654	403,988	308,087	29,598	885,327	195,449	462,754	658,203	1,543,530
Allocations to agencies	3,941,771	-	-	-	-	3,941,771	-	-	-	3,941,771
Capital grants	5,743	-	-	-	-	5,743	-	-	-	5,743
Professional fees	-	11,831	44,324	42,203	184,275	282,633	44,341	33,126	77,467	360,100
Supplies	-	816	1,628	5,331	98	7,873	1,539	2,482	4,021	11,894
Telephone	-	1,436	3,411	4,529	249	9,625	2,217	5,766	7,983	17,608
Postage and shipping	-	12	159	981	-	1,152	2,031	5,840	7,871	9,023
Occupancy	-	16,610	45,377	16,272	29,966	108,225	22,945	53,082	76,027	184,252
Repairs and maintenance	-	8,515	17,783	26,405	806	53,509	7,737	30,269	38,006	91,515
Printing and publications	-	9,623	9,258	13,563	3,040	35,484	2,602	86,443	89,045	124,529
Travel	-	2,243	5,814	23,661	671	32,389	172	5,615	5,787	38,176
Conferences and meetings	-	4,828	2,013	3,925	82	10,848	770	8,893	9,663	20,511
Specific assistance to individuals	-	-	-	-	142,782	142,782	-	-	-	142,782
Payments made to affiliated organizations	-	5,173	13,440	18,253	1,070	37,936	9,250	15,196	24,446	62,382
Membership dues	-	307	2,349	591	38	3,285	378	1,016	1,394	4,679
Insurance	-	-	-	-	-	-	13,887	-	13,887	13,887
Miscellaneous	-	7,256	15,156	676	3	23,091	8,201	2,381	10,582	33,673
TOTAL EXPENSES BEFORE DEPRECIATION	3,947,514	212,304	564,700	464,477	392,678	5,581,673	311,519	712,863	1,024,382	6,606,055
Depreciation	-	4,017	10,974	787	7,246	23,024	5,549	12,837	18,386	41,410
TOTAL FUNCTIONAL EXPENSES	\$ 3,947,514	\$ 216,321	\$ 575,674	\$ 465,264	\$ 399,924	\$ 5,604,697	\$ 317,068	\$ 725,700	\$ 1,042,768	\$ 6,647,465

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			GRAND 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.

STATEMENTS OF CASH FLOWS

UNITED WAY OF GREATER STARK COUNTY, INC.

Years Ended March 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (1,000,612)	\$ (613,128)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	41,410	51,585
(Decrease) in provision for uncollectible pledges	-	-
Loss on investments reported at fair value	530,957	32,194
Decrease (increase) in assets:		
Accrued investment income	1,751	(3,166)
Restricted cash	8,974	(9)
Pledges receivable	(168,428)	54,453
Other receivables	65,346	(68,020)
Prepaid expenses	10,298	(6,957)
(Decrease) increase in liabilities:		
Accounts payable	(31,904)	15,882
Accrued payroll and withholding taxes	8,040	23,094
Allocations payable	(10,529)	27,876
Designations payable	43,860	(20,341)
Miscellaneous payable	2,593	4,197
Total adjustments	<u>502,368</u>	<u>110,788</u>
Cash (used in) operating activities	(498,244)	(502,340)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from sales and maturities of investments	1,525,342	3,030,892
Purchase of investments	(1,499,391)	(3,011,361)
Repayment of loan receivables	28,737	27,621
Purchase of equipment	-	-
Cash provided by investing activities	<u>54,688</u>	<u>47,152</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(443,556)	(455,188)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,544,366</u>	<u>1,999,554</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,100,810</u>	<u>\$ 1,544,366</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, 2020 and 2019

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, 2020 and 2019, 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, 2020 and 2019.

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, 2020 are summarized as follows:

<u>Asset Category</u>	<u>Fair Value at March 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Government and Agency Bonds	\$ 3,718,209	\$3,718,209	\$ -	\$ -
Mutual Funds:				
Fixed Income	105,067	105,067	-	-
Equity	660,773	660,773	-	-
Marketable Equity Securities	1,417,396	1,417,396	-	-
Investment in Stark Community Foundation Pooled Account	3,940,947	-	-	3,940,947
	<u>\$ 9,842,392</u>	<u>\$5,901,445</u>	<u>\$ -</u>	<u>\$3,940,947</u>

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>

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. Management relies on the Stark Community Foundation for an estimate of the value of their investment in the Foundation's pooled account. The Foundation generally uses available market data and other estimates of future cash flow in order to value the pooled account.

Fair Value Measurements Using Significant Unobservable Inputs (Level 3) at March 31, 2020:

Beginning balance	\$ 4,476,670
Transfer into Level 3 as donation revenue	-
Total gains or losses for the period	(391,213)
Total other earned income	55,883
Total disbursements	(200,393)
Ending Balance	<u>\$ 3,940,947</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE B - INVESTMENTS (CONTINUED)

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

Beginning balance	\$ 4,677,355
Transfer into Level 3 from other investments	100
Transfer into Level 3 as donation revenue	-
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>

NOTE C - PLEDGES RECEIVABLE

Pledges receivable and related information at March 31, 2020 and 2019 are summarized as follows:

	PLEDGE YEAR 2020		TOTAL
	CURRENT	PRIOR	
Gross pledges	\$ 5,759,303	\$ 5,499,769	\$ 11,259,072
Collections to date	<u>(2,869,509)</u>	<u>(5,415,044)</u>	<u>(8,284,553)</u>
Unpaid pledge amount	2,889,794	84,725	2,974,519
Allowance for uncollectible accounts	<u>(172,779)</u>	<u>(84,725)</u>	<u>(257,504)</u>
	<u>\$ 2,717,015</u>	<u>\$ -</u>	<u>\$ 2,717,015</u>
	PLEDGE YEAR 2019		
	CURRENT	PRIOR	TOTAL
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>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE D - LOANS RECEIVABLE

Loans receivable represent funds advanced to agencies to cover their respective portion of termination liabilities related to a defined benefit pension plan that United Way formerly participated in. 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, 2020 and 2019 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 \$85,244 and \$113,981 as of March 31, 2020 and 2019, respectively.

Interest received was \$4,049 and \$5,165 for the years ended March 31, 2020 and 2019, 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 \$41,410 and \$51,585 for the years ended March 31, 2020 and 2019, respectively.

Equipment is summarized as follows at March 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Office equipment	\$ 370,774	\$ 370,774
Leasehold improvements	235,412	235,412
	<u>606,186</u>	<u>606,186</u>
Accumulated depreciation	<u>(473,354)</u>	<u>(431,944)</u>
	<u>\$ 132,832</u>	<u>\$ 174,242</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, 2020 and 2019:

<u>APPROPRIATED FOR</u>	2020	2019
Operating reserves	\$ 1,710,000	\$ 1,720,000
Accumulated increase on investments reported at fair value	340,749	873,490
	\$ 2,050,749	\$ 2,593,490

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS

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

	2020	2019
Campaign revenue for future allocation period	\$ 5,276,536	\$ 5,090,551
CARE Team	722,419	801,149
Alvarez Subfund	20,440	22,335
Capital Improvements Subfund	935,854	1,028,254
	\$ 6,955,249	\$ 6,942,289

Net assets released from restrictions of \$5,163,718 for the year ended March 31, 2020 and \$5,301,471 for the year ended March 31, 2019 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 \$29,258 and \$23,479 for the years ended March 31, 2020 and 2019, 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 Notes M and O) and equipment. Minimum rentals are as follows:

YEAR ENDED MARCH 31:

2021	\$ 170,982
2022	173,976
2023	173,976
2024	173,976
Thereafter	<u>71,964</u>
TOTAL	<u>\$ 764,874</u>

Rent expense charged to operations was \$184,252 and \$178,982 for the years ended March 31, 2020 and 2019, respectively.

NOTE J - COMMITMENTS

Call Center

The United Way entered into an agreement with the United Way of Summit County to provide call center services in the United Ways 211 Help Center program for information and referral services effective January 1, 2020 through December 31, 2022. As part of this agreement United Way is committed to the following amounts:

YEARS ENDED MARCH 31:

2021	\$ 210,000
2022	210,000
2023	<u>157,500</u>
TOTAL	<u>\$ 577,500</u>

Prior to this, United Way contracted with the United Way of Greater Cleveland to provide call center services in the United Way 211 Help Center program on a month to month basis.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE J - COMMITMENTS (CONTINUED)

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, 2021. 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, 2020 and 2019, these amounts totaled \$13,019 and \$19,773, respectively.

NOTE K - PAYMENTS MADE TO AFFILIATE ORGANIZATIONS

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

	<u>2020</u>	<u>2019</u>
United Way Worldwide	\$ 62,382	\$ 63,850
Ohio United Way	-	17,027
	<u>\$ 62,382</u>	<u>\$ 80,877</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, 2020 and 2019 \$156,291 and \$132,724, 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.

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 \$349,154 and \$530,193 for the years ended March 31, 2020 and 2019, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE M - RELATED PARTY TRANSACTIONS

For the year ended March 31, 2020 and 2019, the United Way paid \$112,139 and \$108,000, respectively, for maintenance of and consultation related to their website to a company owned by a member of the board of directors.

NOTE N - 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, 2020:

Cash and cash equivalents	\$ 1,100,810
Investments	9,842,392
Notes receivable scheduled to be collected in 12 months	29,717
Pledges receivable, net	2,717,015
Other receivables	<u>2,674</u>
Financial Assets, at year end	13,692,608
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Subject to appropriation and satisfaction of donor restrictions	<u>(6,955,249)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 6,737,359</u></u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE O - SUBSEQUENT EVENTS

The United Way has evaluated subsequent events through July 30, 2020, the date which the financial statements were available to be issued.

As a result of the spread of the Covid-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the operational and financial performance of United Way. However, the related financial impact and duration cannot be reasonably estimated at this time. On May 6, 2020, the United Way obtained a loan of \$254,905 through the Small Business Administration's Paycheck Protection Program

In June 2020, the United Way entered into an agreement to lease additional office space on the first floor of the building in which their offices are currently located for a ten-year term ending April 30, 2030, with an option to renew for an additional five years. In addition, the agreement calls for a prorated reduction of the stated rent amount provided United Way can raise a specified amount towards building improvements.

As of June 30, 2020, the last quarterly date for which reports were available, the market value of United Way's investment accounts increased approximately \$900,000 from the total market value as of March 31, 2020.