

AUDITED FINANCIAL STATEMENTS

UNITED WAY OF GREATER STARK COUNTY, INC.

March 31, 2021 and 2020



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

Opinion

We have audited the accompanying statements of United Way of Greater Stark County (United Way) (a nonprofit organization) which comprise the statements of financial position as of March 31, 2021 and 2020 and the related statements of activities, cash flows, and functional expenses 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 United Way as of March 31, 2021 and 2020 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis For Opinion

We conducted our audits 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 United Way and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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: 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. 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 United Way's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement 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 United Way'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way'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.

Hall, Kistler & Company LLP
Certified Public Accountants

Canton, Ohio
August 19, 2021

STATEMENTS OF FINANCIAL POSITION

UNITED WAY OF GREATER STARK COUNTY, INC.

March 31, 2021 and 2020

	2021	2020
<u>ASSETS</u>		
Cash and cash equivalents	\$ 691,183	\$ 1,100,810
Accrued investment income	19,547	18,569
Pledges receivable, net	2,464,649	2,717,015
Other receivables	427,684	2,674
Prepaid expenses	20,615	20,316
Loans and advances	55,327	85,244
Investments, at fair value	12,185,629	9,842,392
Equipment, net	111,738	132,832
TOTAL ASSETS	\$ 15,976,372	\$ 13,919,852
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 59,569	\$ 113,535
Accrued payroll and withholding taxes	116,604	85,818
Allocations payable	57,425	75,375
Designations payable	432,829	315,552
Miscellaneous payable	53,237	32,561
Deferred revenue	22,616	-
Term debt - PPP Loan	254,905	-
TOTAL LIABILITIES	997,185	622,841
Commitments - Note K	-	-
Net assets:		
Without donor restrictions:		
Appropriated - Note F	4,400,635	2,050,749
Unappropriated	3,528,989	4,291,013
	7,929,624	6,341,762
With donor restrictions - Note G	7,049,563	6,955,249
TOTAL NET ASSETS	14,979,187	13,297,011
TOTAL LIABILITIES AND NET ASSETS	\$ 15,976,372	\$ 13,919,852

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, 2021

	Without Donor Restrictions	With Donor Restrictions	TOTAL
<u>PUBLIC SUPPORT & REVENUE</u>			
Gross campaign results - current			
contributions received	\$ -	\$ 5,345,886	\$ 5,345,886
Less: Donor designations	36,281	(479,585)	(443,304)
Provision for uncollectible	38,620	(156,724)	(118,104)
Net campaign revenue	74,901	4,709,577	4,784,478
Grants and contracts	38,056	427,684	465,740
Investment income, net of fees of \$68,555	89,394	1,401	90,795
Net gain on assets reported at fair value	2,080,533	325,916	2,406,449
Miscellaneous income	531,568	-	531,568
Prior year net campaign revenue released from restriction	5,370,264	(5,370,264)	-
TOTAL REVENUE	8,184,716	94,314	8,279,030
<u>EXPENSES</u>			
Program services:			
Allocations to agencies	3,535,718	-	3,535,718
Volunteer and community services	194,867	-	194,867
Planning and allocations	577,480	-	577,480
Financial Stability Initiative	438,203	-	438,203
211 and emergency assistance	842,643	-	842,643
Total program services	5,588,911	-	5,588,911
Supporting services:			
Management and general	317,709	-	317,709
Fundraising	690,234	-	690,234
Total supporting services	1,007,943	-	1,007,943
TOTAL EXPENSES	6,596,854	-	6,596,854
Change in net assets	1,587,862	94,314	1,682,176
Net assets at beginning of period	6,341,762	6,955,249	13,297,011
Net assets at end of period	\$ 7,929,624	\$ 7,049,563	\$ 14,979,187

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
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 FUNCTIONAL EXPENSES

UNITED WAY OF GREATER STARK COUNTY, INC.

Year Ended March 31, 2021

	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	\$ -	\$ 113,757	\$ 362,638	\$ 266,391	\$ 27,367	\$ 770,153	\$ 175,496	\$ 417,337	\$ 592,833	\$ 1,362,986
Employee benefits	-	16,461	36,845	31,006	3,111	87,423	19,371	35,827	55,198	142,621
Payroll taxes	-	8,080	27,659	21,108	1,946	58,793	11,065	28,054	39,119	97,912
TOTAL SALARIES AND RELATED EXPENSES	-	138,298	427,142	318,505	32,424	916,369	205,932	481,218	687,150	1,603,519
Allocations to agencies	3,535,718	-	-	-	-	3,535,718	-	-	-	3,535,718
Capital grants	-	-	-	-	-	-	-	-	-	-
Professional fees	-	11,856	40,817	42,043	229,780	324,496	42,736	33,198	75,934	400,430
Supplies	-	318	833	3,464	59	4,674	972	1,009	1,981	6,655
Telephone	-	1,368	3,344	4,635	261	9,608	2,283	6,397	8,680	18,288
Postage and shipping	-	16	171	675	9	871	2,677	5,970	8,647	9,518
Occupancy	-	12,360	44,274	5,822	51,284	113,740	21,953	51,469	73,422	187,162
Repairs and maintenance	-	7,253	11,882	29,378	558	49,071	6,247	26,949	33,196	82,267
Printing and publications	-	804	7,180	6,425	760	15,169	2,108	50,336	52,444	67,613
Travel	-	175	127	2,449	2	2,753	11	1,417	1,428	4,181
Conferences and meetings	-	7,845	252	305	17	8,419	358	1,174	1,532	9,951
Specific assistance to individuals	-	-	-	-	515,201	515,201	-	-	-	515,201
Payments made to affiliated organizations	-	6,380	16,774	22,568	1,232	46,954	11,531	17,854	29,385	76,339
Membership dues	-	179	843	513	37	1,572	239	608	847	2,419
Insurance	-	-	-	-	-	-	14,652	-	14,652	14,652
Miscellaneous	-	5,359	14,327	747	-	20,433	1,293	1,575	2,868	23,301
TOTAL EXPENSES BEFORE DEPRECIATION	3,535,718	192,211	567,966	437,529	831,624	5,565,048	312,992	679,174	992,166	6,557,214
Depreciation	-	2,656	9,514	674	11,019	23,863	4,717	11,060	15,777	39,640
TOTAL FUNCTIONAL EXPENSES	\$ 3,535,718	\$ 194,867	\$ 577,480	\$ 438,203	\$ 842,643	\$ 5,588,911	\$ 317,709	\$ 690,234	\$ 1,007,943	\$ 6,596,854

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	16,536	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.

STATEMENTS OF CASH FLOWS

UNITED WAY OF GREATER STARK COUNTY, INC.

Years Ended March 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 1,682,176	\$ (1,000,612)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	39,640	41,410
(Gain) loss on investments reported at fair value	(2,406,866)	530,957
Decrease (increase) in assets:		
Accrued investment income	(978)	1,751
Restricted cash	-	8,974
Pledges receivable	252,366	(168,428)
Other receivables	(425,010)	65,346
Prepaid expenses	(299)	10,298
(Decrease) increase in liabilities:		
Accounts payable	(53,966)	(31,904)
Accrued payroll and withholding taxes	30,786	8,040
Allocations payable	(17,950)	(10,529)
Designations payable	117,277	43,860
Miscellaneous payable	20,676	2,593
Deferred revenue	22,616	-
Total adjustments	<u>(2,421,708)</u>	<u>502,368</u>
Cash (used in) operating activities	<u>(739,532)</u>	<u>(498,244)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from sales and maturities of investments	1,115,288	1,525,342
Purchase of investments	(1,051,658)	(1,499,391)
Repayment of loan receivables	29,917	28,737
Purchase of equipment	(18,547)	-
Cash provided by investing activities	<u>75,000</u>	<u>54,688</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from term debt - PPP Loan	254,905	-
Cash provided by financing activities:	<u>254,905</u>	<u>-</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(409,627)	(443,556)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,100,810	1,544,366
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 691,183</u>	<u>\$ 1,100,810</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, 2021 and 2020

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, 2021 and 2020, 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, 2021 and 2020.

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, 2021 are summarized as follows:

<u>Asset Category</u>	<u>Fair Value at March 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Government and Agency Bonds	\$ 3,781,954	\$3,781,954	\$ -	\$ -
Mutual Funds:				
Fixed Income	111,821	111,821	-	-
Equity	1,023,391	1,023,391	-	-
Marketable Equity Securities	2,176,705	2,176,705	-	-
Investment in Stark Community Foundation Pooled Account	5,091,758	-	-	5,091,758
	<u>\$ 12,185,629</u>	<u>\$7,093,871</u>	<u>\$ -</u>	<u>\$5,091,758</u>

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>

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, 2021:

Beginning balance	\$ 3,940,947
Transfer into Level 3 as donation revenue	100
Total gains or losses for the period	1,314,036
Total other earned income	33,809
Total disbursements	<u>(197,134)</u>
Ending Balance	<u>\$ 5,091,758</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE B - INVESTMENTS (CONTINUED)

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	<u>(200,393)</u>
Ending Balance	<u>\$ 3,940,947</u>

NOTE C - PLEDGES RECEIVABLE

Pledges receivable and related information at March 31, 2021 and 2020 are summarized as follows:

	PLEDGE YEAR 2021		TOTAL
	CURRENT	PRIOR	
Gross pledges	\$ 5,299,132	\$ 5,673,586	\$ 10,972,718
Collections to date	<u>(2,677,759)</u>	<u>(5,610,461)</u>	<u>(8,288,220)</u>
Unpaid pledge amount	2,621,372	63,125	2,684,498
Allowance for uncollectible accounts	<u>(156,724)</u>	<u>(63,125)</u>	<u>(219,849)</u>
	<u>\$ 2,464,649</u>	<u>\$ -</u>	<u>\$ 2,464,649</u>
	PLEDGE YEAR 2020		
	CURRENT	PRIOR	TOTAL
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>

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, 2021 and 2020 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 \$55,327 and \$85,244 as of March 31, 2021 and 2020, respectively.

Interest received was \$2,869 and \$4,049 for the years ended March 31, 2021 and 2020, 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 \$39,640 and \$41,410 for the years ended March 31, 2021 and 2020, respectively.

Equipment is summarized as follows at March 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Office equipment	\$ 372,406	\$ 370,774
Leasehold improvements	240,462	235,412
	<u>612,868</u>	<u>606,186</u>
Accumulated depreciation	(501,130)	(473,354)
	<u>\$ 111,738</u>	<u>\$ 132,832</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, 2021 and 2020:

<u>APPROPRIATED FOR</u>	2021	2020
Operating reserves	\$ 1,690,000	\$ 1,710,000
Accumulated increase on investments reported at fair value	2,710,635	340,749
	\$ 4,400,635	\$ 2,050,749

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS

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

	2021	2020
Campaign revenue for future allocation period	\$ 4,715,138	\$ 5,276,536
CARE Team	623,131	722,419
Alvarez Subfund	27,435	20,440
Capital Improvements Subfund	1,256,175	935,854
Grant receivable for future period	427,684	-
	\$ 7,049,563	\$ 6,955,249

Net assets released from restrictions of \$5,370,264 for the year ended March 31, 2021 and \$5,163,718 for the year ended March 31, 2020 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 \$34,182 and \$29,258 for the years ended March 31, 2021 and 2020, 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 and equipment. Minimum rentals are as follows:

YEAR ENDED MARCH 31:	
2022	\$ 212,376
2023	212,376
2024	212,376
2025	104,376
Thereafter	<u>235,588</u>
TOTAL	<u>\$ 977,092</u>

Rent expense charged to operations was \$187,162 and \$184,252 for the years ended March 31, 2021 and 2020, respectively.

NOTE J - LONG-TERM DEBT

Long-term debt at March 31, 2021 consisted of the following:

Note payable to a bank made under the provisions of the Paycheck Protection Program which bears interest at 1% annually. The note is due in monthly installments of \$14,274 including interest beginning August 2021 and continuing until February 2023. Management intends to apply for forgiveness of the note under the terms of the Paycheck Protection Program and will record a gain on the extinguishment if a release is granted. See Note P.	\$ 254,905
Less current portion	<u>(111,094)</u>
	<u>\$ 143,811</u>

Maturities of long-term debt are as follows:

Year ending March 31:	
2022	\$ 111,094
2023	143,811
Thereafter	<u>-</u>
	<u>\$ 254,905</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE K - 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:

	2022	\$ 210,000
	2023	157,500
	TOTAL	\$ 367,500

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.

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, 2021 and 2020, these amounts totaled \$2,686 and \$13,019, respectively.

NOTE L - PAYMENTS MADE TO AFFILIATE ORGANIZATIONS

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

	2021	2020
United Way Worldwide	\$ 76,039	\$ 62,382
Ohio United Way	300	-
	\$ 76,339	\$ 62,382

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE M - 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, 2021 and 2020 \$74,254 and \$156,291, 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 \$464,501 and \$349,154 for the years ended March 31, 2021 and 2020, respectively.

NOTE N - RELATED PARTY TRANSACTIONS

For the year ended March 31, 2021 and 2020, the United Way paid \$110,447 and \$112,139, respectively, to a company owned by a member of the board of directors for development of an annual comprehensive marketing plan including website design and maintenance, search marketing, digital advertising, annual campaign messaging, marketing and campaign videos and brand strategy.

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, 2021:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE O - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

Cash and cash equivalents	\$ 691,183
Investments	12,185,629
Notes receivable scheduled to be collected in 12 months	28,485
Pledges receivable, net	2,464,649
Grants and other receivables	427,684
Financial Assets, at year end	<u>15,797,630</u>
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>(7,049,563)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 8,748,067</u>

NOTE P - SUBSEQUENT EVENTS

The United Way has evaluated subsequent events through August 19, 2021, 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 July 14, 2021, the United Way was informed that the Small Business Administration (SBA) had approved their application for forgiveness of the Payroll Protection Program loan in full and had disbursed the funds to United Way's lender.