

AUDITED FINANCIAL STATEMENTS

UNITED WAY OF GREATER STARK COUNTY, INC.

March 31, 2022 and 2021



HALL, KISTLER & COMPANY LLP
CONSULTANTS AND CERTIFIED PUBLIC ACCOUNTANTS

soundideas. solidanswers.

CONTENTS

—

INDEPENDENT AUDITOR'S REPORT.....	PAGE 3
STATEMENTS OF FINANCIAL POSITION.....	5
STATEMENTS OF ACTIVITIES	6-7
STATEMENTS OF FUNCTIONAL EXPENSES	8-9
STATEMENTS OF CASH FLOWS	10
NOTES TO FINANCIAL STATEMENTS.....	11-22

—

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, 2022 and 2021 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, 2022 and 2021 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 23, 2022

STATEMENTS OF FINANCIAL POSITION

UNITED WAY OF GREATER STARK COUNTY, INC.

March 31, 2022 and 2021

	2022	2021
<u>ASSETS</u>		
Cash and cash equivalents	\$ 788,869	\$ 691,183
Accrued investment income	14,800	19,547
Pledges receivable, net	2,254,859	2,464,649
Other receivables	338,421	427,684
Prepaid expenses	21,015	20,615
Loans and advances	21,634	55,327
Investments, at fair value	12,896,571	12,185,629
Equipment, net	85,854	111,738
TOTAL ASSETS	\$ 16,422,023	\$ 15,976,372
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 219,314	\$ 59,569
Accrued payroll and withholding taxes	66,200	116,604
Allocations payable	66,475	57,425
Designations payable	460,141	432,829
Miscellaneous payable	77,115	53,237
Deferred revenue	26,610	22,616
Term debt - PPP Loan	-	254,905
TOTAL LIABILITIES	915,855	997,185
Commitments - Note K	-	-
Net assets:		
Without donor restrictions:		
Appropriated - Note F	4,713,220	4,400,635
Unappropriated	3,634,709	3,528,989
	8,347,929	7,929,624
With donor restrictions - Note G	7,158,239	7,049,563
TOTAL NET ASSETS	15,506,168	14,979,187
TOTAL LIABILITIES AND NET ASSETS	\$ 16,422,023	\$ 15,976,372

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, 2022

	Without Donor Restrictions	With Donor Restrictions	TOTAL
<u>PUBLIC SUPPORT & REVENUE</u>			
Gross campaign results - current contributions received	\$ -	\$ 5,349,702	\$ 5,349,702
Less: Donor designations	134,518	(489,232)	(354,714)
Provision for uncollectible	48,853	(159,618)	(110,765)
Net campaign revenue	183,371	4,700,852	4,884,223
Grants and contracts	55,250	-	55,250
Investment income, net of fees of \$77,843	98,786	3,044	101,830
Net gain on assets reported at fair value	521,931	101,226	623,157
Centennial Campaign contributions	312,500	-	312,500
Other contributions	131,200	-	131,200
Miscellaneous income	326,838	-	326,838
Gain on forgiveness of PPP loan	254,905	-	254,905
Prior year net campaign revenue released from restriction	4,691,184	(4,691,184)	-
TOTAL REVENUE	6,575,965	113,938	6,689,903
<u>EXPENSES</u>			
Program services:			
Allocations to agencies	3,377,594	5,262	3,382,856
Volunteer and community services	181,513	-	181,513
Planning and allocations	645,743	-	645,743
Financial Stability Initiative	476,036	-	476,036
211 and emergency assistance	378,351	-	378,351
Total program services	5,059,237	5,262	5,064,499
Supporting services:			
Management and general	338,503	-	338,503
Fundraising	759,920	-	759,920
Total supporting services	1,098,423	-	1,098,423
TOTAL EXPENSES	6,157,660	5,262	6,162,922
Change in net assets	418,305	108,676	526,981
Net assets at beginning of period	7,929,624	7,049,563	14,979,187
Net assets at end of period	\$ 8,347,929	\$ 7,158,239	\$ 15,506,168

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 FUNCTIONAL EXPENSES

UNITED WAY OF GREATER STARK COUNTY, INC.

Year Ended March 31, 2022

	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	TOTAL	
Salaries	\$ -	\$ 105,412	\$ 404,331	\$ 268,587	\$ 27,529	\$ 805,859	\$ 172,262	\$ 453,470	\$ 625,732	\$ 1,431,591	
Employee benefits	-	13,178	42,122	36,426	3,356	95,082	19,778	40,572	60,350	155,432	
Payroll taxes	-	8,203	31,105	21,772	2,198	63,278	12,542	33,895	46,437	109,715	
TOTAL SALARIES AND RELATED EXPENSES	-	126,793	477,558	326,785	33,083	964,219	204,582	527,937	732,519	1,696,738	
Allocations to agencies	3,277,594	-	-	-	-	3,277,594	-	-	-	3,277,594	
Capital grants	5,262	-	-	-	-	5,262	-	-	-	5,262	
Professional fees	-	9,480	32,457	57,135	193,601	292,673	39,644	44,428	84,072	376,745	
Supplies	-	353	1,502	3,691	118	5,664	966	1,472	2,438	8,102	
Telephone	-	976	3,139	4,259	296	8,670	1,565	6,512	8,077	16,747	
Postage and shipping	-	-	139	252	82	473	1,773	3,486	5,259	5,732	
Occupancy	-	14,809	50,930	3,548	59,769	129,056	25,348	58,069	83,417	212,473	
Repairs and maintenance	-	3,162	15,717	14,854	683	34,416	5,584	25,625	31,209	65,625	
Printing and publications	-	1,332	7,242	18,705	7,332	34,611	2,301	49,853	52,154	86,765	
Travel	-	318	1,721	6,019	53	8,111	223	2,730	2,953	11,064	
Conferences and meetings	-	7,617	3,935	1,622	43	13,217	1,474	3,300	4,774	17,991	
Specific assistance to individuals	-	-	-	-	71,870	71,870	-	-	-	71,870	
Payments made to affiliated organizations	-	6,907	22,667	27,206	1,592	58,372	12,387	25,577	37,964	96,336	
Membership dues	-	367	2,288	544	40	3,239	342	1,152	1,494	4,733	
Insurance	-	-	-	-	-	-	13,608	-	13,608	13,608	
Miscellaneous	100,000	6,974	18,107	10,835	-	135,916	24,555	269	24,824	160,740	
TOTAL EXPENSES BEFORE DEPRECIATION	3,382,856	179,088	637,402	475,455	368,562	5,043,363	334,352	750,410	1,084,762	6,128,125	
Depreciation	-	2,425	8,341	581	9,789	21,136	4,151	9,510	13,661	34,797	
TOTAL FUNCTIONAL EXPENSES	\$ 3,382,856	\$ 181,513	\$ 645,743	\$ 476,036	\$ 378,351	\$ 5,064,499	\$ 338,503	\$ 759,920	\$ 1,098,423	\$ 6,162,922	

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.

STATEMENTS OF CASH FLOWS

UNITED WAY OF GREATER STARK COUNTY, INC.

Years Ended March 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 526,981	\$ 1,682,176
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	34,797	39,640
(Gain) on investments reported at fair value	(623,157)	(2,406,866)
(Gain) on forgiveness of PPP loan	(254,905)	-
Decrease (increase) in assets:		
Accrued investment income	4,747	(978)
Pledges receivable	209,790	252,366
Other receivables	89,263	(425,010)
Prepaid expenses	(400)	(299)
(Decrease) increase in liabilities:		
Accounts payable	159,745	(53,966)
Accrued payroll and withholding taxes	(50,404)	30,786
Allocations payable	9,050	(17,950)
Designations payable	27,312	117,277
Miscellaneous payable	23,878	20,676
Deferred revenue	3,994	22,616
Total adjustments	<u>(366,290)</u>	<u>(2,421,708)</u>
Cash provided by (used in) operating activities	160,691	(739,532)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from sales and maturities of investments	1,556,742	1,115,288
Purchase of investments	(1,644,527)	(1,051,658)
Repayment of loan receivables	33,693	29,917
Purchase of equipment	<u>(8,913)</u>	<u>(18,547)</u>
Cash provided by (used in) investing activities	<u>(63,005)</u>	<u>75,000</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from term debt - PPP Loan	-	254,905
Cash provided by financing activities	<u>-</u>	<u>254,905</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	97,686	(409,627)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>691,183</u>	<u>1,100,810</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 788,869</u>	<u>\$ 691,183</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, 2022 and 2021

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, 2022 and 2021, 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, 2022 and 2021.

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, 2022 are summarized as follows:

<u>Asset Category</u>	<u>Fair Value at March 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Government and Agency Bonds	\$ 3,865,342	\$3,865,342	\$ -	\$ -
Mutual Funds:				
Fixed Income	110,992	110,992	-	-
Equity	998,960	998,960	-	-
Marketable Equity Securities	2,453,937	2,453,937	-	-
Investment in Stark Community Foundation Pooled Account	5,467,340	-	-	5,467,340
	<u>\$ 12,896,571</u>	<u>\$7,429,231</u>	<u>\$ -</u>	<u>\$5,467,340</u>

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>

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, 2022:

Beginning balance	\$ 5,091,758
Transfer into Level 3 as donation revenue	130,400
Total gains or losses for the period	400,988
Total other earned income	44,367
Total disbursements	<u>(200,173)</u>
Ending Balance	<u>\$ 5,467,340</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE B - INVESTMENTS (CONTINUED)

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>

NOTE C - PLEDGES RECEIVABLE

Pledges receivable and related information at March 31, 2022 and 2021 are summarized as follows:

	PLEDGE YEAR 2022		TOTAL
	CURRENT	PRIOR	
Gross pledges	\$ 5,320,612	\$ 5,275,690	\$ 10,596,302
Collections to date	<u>(2,906,135)</u>	<u>(5,180,918)</u>	<u>(8,087,053)</u>
Unpaid pledge amount	2,414,477	94,772	2,509,249
Allowance for uncollectible accounts	<u>(159,618)</u>	<u>(94,772)</u>	<u>(254,390)</u>
	<u>\$ 2,254,859</u>	<u>\$ -</u>	<u>\$ 2,254,859</u>
	PLEDGE YEAR 2021		
	CURRENT	PRIOR	TOTAL
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>

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, 2022 and 2021 future allocations to the agencies were sufficient to cover 100% and 89% of the outstanding principal balance, respectively, 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 \$21,634 and \$55,327 as of March 31, 2022 and 2021, respectively.

Interest received was \$1,650 and \$2,869 for the years ended March 31, 2022 and 2021, 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 \$34,797 and \$39,640 for the years ended March 31, 2022 and 2021, respectively.

Equipment is summarized as follows at March 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Office equipment	\$ 381,320	\$ 372,406
Leasehold improvements	240,462	240,462
	<u>621,782</u>	<u>616,868</u>
Accumulated depreciation	<u>(535,928)</u>	<u>(501,130)</u>
	<u>\$ 85,854</u>	<u>\$ 111,738</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, 2022 and 2021:

<u>APPROPRIATED FOR</u>	2022	2021
Operating reserves	\$ 1,490,000	\$ 1,690,000
Accumulated increase on investments reported at fair value	3,223,220	2,710,635
	\$ 4,713,220	\$ 4,400,635

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS

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

	2022	2021
Campaign revenue for future allocation period	\$ 5,209,096	\$ 4,715,138
CARE Team	566,524	623,131
Alvarez Subfund	29,661	27,435
Capital Improvements Subfund	1,352,958	1,256,175
Grant receivable for future period	-	427,684
	\$ 7,158,239	\$ 7,049,563

Net assets released from restrictions of \$4,691,184 for the year ended March 31, 2022 and \$5,370,264 for the year ended March 31, 2021 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 \$32,489 and \$34,182 for the years ended March 31, 2022 and 2021, 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:

2023	\$ 212,376
2024	212,376
2025	104,376
2026	45,188
2027	40,800
Thereafter	<u>149,600</u>
TOTAL	<u>\$ 764,716</u>

Rent expense charged to operations was \$212,473 and \$187,162 for the years ended March 31, 2022 and 2021, respectively.

NOTE J - LONG-TERM DEBT

United Way had no long-term debt at March 31, 2022 due to obtaining forgiveness of the note payable received under the terms of the Paycheck Protection Program (see below). United Way has recorded a gain on the forgiveness of this 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.	\$ 254,905
Less current portion	<u>(111,094)</u>
	<u>\$ 143,811</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:

2023

\$ 157,500

TOTAL

\$ 157,500

Financial Prosperity Center

The United Way was 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 was in effect until June 30, 2021. As part of this arrangement, United Way was required to pay its proportional share of certain occupancy-related expenses as outlined in the memorandum of understanding. For the years ended March 31, 2022 and 2021, these amounts totaled \$0 and \$2,686, respectively.

NOTE L - PAYMENTS MADE TO AFFILIATE ORGANIZATIONS

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

	<u>2022</u>	<u>2021</u>
United Way Worldwide	\$ 95,836	\$ 76,039
Ohio United Way	500	300
	<u>\$ 96,336</u>	<u>\$ 76,339</u>

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, 2022 and 2021 \$85,295 and \$74,254, 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 \$364,924 and \$464,501 for the years ended March 31, 2022 and 2021, respectively.

NOTE N - RELATED PARTY TRANSACTIONS

For the year ended March 31, 2022 and 2021, the United Way paid \$113,230 and \$110,447, 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, 2022:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Cash and cash equivalents	\$ 788,869
Investments	12,896,571
Notes receivable scheduled to be collected in 12 months	24,191
Pledges receivable, net	2,254,859
Grants and other receivables	338,421
Financial Assets, at year end	<u>16,302,911</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>(7,158,239)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 9,144,672</u>

NOTE P - SUBSEQUENT EVENTS

The United Way has evaluated subsequent events through August 23, 2022, the date which the financial statements were available to be issued.

Based upon market values as of July 25, 2022, the fair market values of United Way's investment accounts totaled approximately \$11,700,000, a decrease of approximately \$1,200,000 from the balance as of March 31, 2022.