

AUDITED FINANCIAL STATEMENTS

UNITED WAY OF GREATER STARK COUNTY, INC.

March 31, 2024 and 2023



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, 2024 and 2023 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, 2024 and 2023 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 9, 2024

STATEMENTS OF FINANCIAL POSITION

UNITED WAY OF GREATER STARK COUNTY, INC.

March 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 1,336,730	\$ 1,510,028
Pledges receivable, net	1,810,246	2,007,059
Receivables, grants and strategic investment	83,333	191,827
Receivables, community services and assistance	99,553	115,416
Receivables, centennial campaign, current	200,000	200,000
Accrued investment receivable	21,414	19,559
Prepaid expenses	25,955	20,740
TOTAL CURRENT ASSETS	<u>3,577,231</u>	<u>4,064,629</u>
<u>NONCURRENT ASSETS</u>		
Investments, at fair value	12,597,533	11,517,554
Receivables, centennial campaign, net of current portion	509,000	767,000
Right of use asset	820,900	200,890
Equipment and improvements:		
Leasehold improvements	240,462	240,462
Furniture and equipment	422,923	408,962
Accumulated depreciation	<u>(610,395)</u>	<u>(572,065)</u>
Program services:	<u>52,990</u>	<u>77,359</u>
TOTAL NONCURRENT ASSETS	<u>13,980,423</u>	<u>12,562,803</u>
TOTAL ASSETS	<u>\$ 17,557,654</u>	<u>\$ 16,627,432</u>

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

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	2024	2023
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 184,443	\$ 117,673
Accounts payable, other	119,423	101,216
Accrued payroll and paid time off	89,148	51,900
Allocations payable	40,625	53,750
Deferred revenue, grants	174,852	410,102
Deferred revenue, impact and allocations	32,493	18,990
Designations payable	244,920	354,702
Right of use liability	128,946	149,947
TOTAL CURRENT LIABILITIES	1,014,850	1,258,280
<u>NONCURRENT LIABILITIES</u>		
Right of use liability, net of current portion	691,954	50,943
TOTAL LIABILITIES	1,706,804	1,309,223
<u>NET ASSETS</u>		
Without donor restrictions:		
Undesignated	4,738,171	4,927,727
Designated by the board, Prc unrealized gains - Note E	3,709,149	2,292,707
Designated by the board, operating reserves - Note E	1,460,000	1,495,000
Total without donor restrictions	9,907,320	8,715,434
With donor restrictions - Note F	5,943,530	6,602,775
Total with donor restrictions	5,943,530	6,602,775
TOTAL NET ASSETS	15,850,850	15,318,209
TOTAL LIABILITIES AND NET ASSETS	\$ 17,557,654	\$ 16,627,432

STATEMENT OF ACTIVITIES

UNITED WAY OF GREATER STARK COUNTY, INC.

Year Ended March 31, 2024

	Without Donor Restrictions	With Donor Restrictions	TOTAL
<u>PUBLIC SUPPORT & REVENUE</u>			
Gross campaign pledges processed	\$ -	\$ 4,572,186	\$ 4,572,186
Designations paid direct	-	24,867	24,867
Total gross campaign results	-	4,597,053	4,597,053
Less:			
Donor designations	-	(244,920)	(244,920)
Donor designations paid direct	(10,000)	(24,867)	(34,867)
Provision for uncollectible	94,817	(114,305)	(19,488)
Total campaign contributions, net	84,817	4,212,961	4,297,778
Program fees and grants	745,715	-	745,715
In-kind contributions	8,388	46,588	54,976
Contributions released from restriction	5,056,164	(5,056,164)	-
Total public support and revenue	5,895,084	(796,615)	5,098,469
<u>ALLOCATIONS AND FUNCTIONAL EXPENSES</u>			
Community funding, agency allocations	3,133,221	41,321	3,174,542
Functional expenses:			
Program services:			
Community impact volunteers	272,941	-	272,941
Community impact and allocations	400,769	-	400,769
Community services and assistance	695,039	-	695,039
Strategic investment initiatives	590,372	-	590,372
Total program services	1,959,121	-	1,959,121
Support services:			
Management and general	447,048	-	447,048
Resource development and fundraising	778,672	-	778,672
Total support services	1,225,720	-	1,225,720
Total functional expenses	3,184,841	-	3,184,841
Total allocations and functional expenses	6,318,062	41,321	6,359,383
<u>OTHER INCOME (EXPENSE)</u>			
Investment Income, net	177,660	12,741	190,401
Net gain (loss) on assets reported at fair value	1,275,598	165,950	1,441,548
Miscellaneous income	161,606	-	161,606
Total other expense	1,614,864	178,691	1,793,555
<u>CHANGE IN NET ASSETS</u>	1,191,886	(659,245)	532,641
<u>NET ASSETS, BEGINNING OF THE YEAR</u>	8,715,434	6,602,775	15,318,209
<u>NET ASSETS, END OF THE YEAR</u>	<u>\$ 9,907,320</u>	<u>\$ 5,943,530</u>	<u>\$ 15,850,850</u>

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

STATEMENT OF ACTIVITIES

UNITED WAY OF GREATER STARK COUNTY, INC.

Year Ended March 31, 2023

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>TOTAL</u>
<u>PUBLIC SUPPORT & REVENUE</u>			
Gross campaign pledges processed	\$ -	\$ 4,914,701	\$ 4,914,701
Designations paid direct	-	21,381	21,381
Total gross campaign results	-	4,936,082	4,936,082
Less:			
Donor designations	117,627	(354,702)	(237,075)
Donor designations paid direct	-	(21,381)	(21,381)
Provision for uncollectible	33,065	(122,868)	(89,803)
Total campaign contributions, net	150,692	4,437,131	4,587,823
Program fees and grants	480,464	-	480,464
In-kind contributions	26,914	-	26,914
Centennial campaign contributions	1,028,730	-	1,028,730
Other contributions	25,754	-	25,754
Contributions released from restriction	4,909,567	(4,909,567)	-
Total public support and revenue	6,622,121	(472,436)	6,149,685
<u>ALLOCATIONS AND FUNCTIONAL EXPENSES</u>			
Community funding, agency allocations	3,046,042	37,423	3,083,465
Functional expenses:			
Program services:			
Community impact volunteers	150,553	-	150,553
Community impact and allocations	451,816	-	451,816
Community services and assistance	966,021	-	966,021
Strategic investment initiatives	171,028	-	171,028
Total program services	1,739,418	-	1,739,418
Support services:			
Management and general	297,411	-	297,411
Resource development and fundraising	682,016	-	682,016
Total support services	979,427	-	979,427
Total functional expenses	2,718,845	-	2,718,845
Total allocations and functional expenses	5,764,887	37,423	5,802,310
<u>OTHER INCOME (EXPENSE)</u>			
Investment Income, net	128,477	10,142	138,619
Net gain (loss) on assets reported at fair value	(631,000)	(55,747)	(686,747)
Miscellaneous income	12,794	-	12,794
Total other expense	(489,729)	(45,605)	(535,334)
<u>CHANGE IN NET ASSETS</u>	367,505	(555,464)	(187,959)
<u>NET ASSETS, BEGINNING OF THE YEAR</u>	8,347,929	7,158,239	15,506,168
<u>NET ASSETS, END OF THE YEAR</u>	\$ 8,715,434	\$ 6,602,775	\$ 15,318,209

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, 2024

	PROGRAM SERVICES					SUPPORTING SERVICES			GRAND TOTAL	
	ALLOCATION SERVICES	COMMUNITY IMPACT VOLUNTEERS	COMMUNITY IMPACT AND ALLOCATIONS	COMMUNITY SERVICES AND ASSISTANCE	STRATEGIC INVESTMENT INITIATIVES	TOTAL	MANAGEMENT AND ADMINISTRATION	RESOURCE DEVELOPMENT AND FUNDRAISING		
Salaries	\$ -	\$ 156,823	\$ 214,002	\$ 260,455	\$ 76,175	\$ 707,455	\$ 177,518	\$ 452,517	\$ 630,035	\$ 1,337,490
Employee benefits	-	20,594	35,666	40,666	11,508	108,434	30,362	58,710	89,072	197,506
Payroll taxes	-	10,967	19,685	28,751	4,953	64,356	9,960	39,054	49,014	113,370
TOTAL SALARIES AND RELATED EXPENSES	-	188,384	269,353	329,872	92,636	880,245	217,840	550,281	768,121	1,648,366
Allocations to agencies	3,133,221	-	-	-	-	3,133,221	-	-	-	3,133,221
Agency pass through grant	41,321	-	21,808	6,500	378,431	448,060	3,009	-	3,009	451,069
Professional fees	-	25,418	41,995	64,191	35,080	166,684	56,864	76,127	132,991	299,675
Supplies	-	2,273	2,860	7,053	1,920	14,106	3,642	14,025	17,667	31,773
Occupancy	-	17,564	21,900	49,049	10,101	98,614	77,578	50,831	128,409	227,023
Repairs and maintenance	-	10,747	20,424	22,169	6,468	59,808	19,590	29,642	49,232	109,040
Printing and publications	-	17,141	7,344	13,623	24,587	62,695	18,253	23,002	41,255	103,950
Conferences and meetings	-	5,081	6,449	11,585	2,265	25,380	5,607	16,051	21,658	47,038
Specific assistance to individuals	-	-	-	176,315	36,005	212,320	-	-	-	212,320
Payments made to affiliated organizations	-	6,333	8,636	14,682	2,879	32,530	6,335	18,713	25,048	57,578
TOTAL EXPENSES BEFORE DEPRECIATION	3,174,542	272,941	400,769	695,039	590,372	5,133,663	408,718	778,672	1,187,390	6,321,053
Depreciation	-	-	-	-	-	-	38,330	-	38,330	38,330
TOTAL FUNCTIONAL EXPENSES	\$ 3,174,542	\$ 272,941	\$ 400,769	\$ 695,039	\$ 590,372	\$ 5,133,663	\$ 447,048	\$ 778,672	\$ 1,225,720	\$ 6,359,383

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, 2023

	PROGRAM SERVICES					SUPPORTING SERVICES					GRAND TOTAL
	ALLOCATION SERVICES	COMMUNITY IMPACT VOLUNTEERS	COMMUNITY IMPACT AND ALLOCATIONS	COMMUNITY SERVICES AND ASSISTANCE	STRATEGIC INVESTMENT INITIATIVES	TOTAL	MANAGEMENT AND ADMINISTRATION	RESOURCE DEVELOPMENT AND FUNDRAISING	TOTAL		
Salaries	\$ -	\$ 90,178	\$ 232,774	\$ 346,271	\$ -	\$ 669,223	\$ 164,492	\$ 392,623	\$ 557,115	\$ 1,226,338	
Employee benefits	-	7,687	22,290	33,105	-	63,082	18,031	32,386	50,417	113,499	
Payroll taxes	-	7,603	17,628	34,440	-	59,671	11,225	37,857	49,082	108,753	
TOTAL SALARIES AND RELATED EXPENSES	-	105,468	272,692	413,816	-	791,976	193,748	462,866	656,614	1,448,590	
Allocations to agencies	3,046,042	-	-	-	-	3,046,042	-	-	-	3,046,042	
Agency pass through grant	37,423	-	34,999	-	171,028	243,450	-	-	-	243,450	
Professional fees	-	8,725	29,376	204,900	-	243,001	40,244	44,731	84,975	327,976	
Supplies	-	442	1,155	6,843	-	8,440	8,407	3,361	11,768	20,208	
Telephone	-	1,089	1,374	6,184	-	8,647	762	1,657	2,419	11,066	
Postage and shipping	-	-	1	3,574	-	3,575	1,106	5,139	6,245	9,820	
Occupancy	-	15,617	49,730	70,107	-	135,454	24,685	65,684	90,369	225,823	
Repairs and maintenance	-	1,954	12,355	21,678	-	35,987	3,839	20,598	24,437	60,424	
Printing and publications	-	3,844	2,289	17,553	-	23,686	3,463	26,630	30,093	53,779	
Travel	-	478	784	4,587	-	5,849	205	3,673	3,878	9,727	
Conferences and meetings	-	5,494	2,945	6,210	-	14,649	1,235	13,762	14,997	29,646	
Specific assistance to individuals	-	-	-	164,673	-	164,673	-	-	-	164,673	
Payments made to affiliated organizations	-	4,633	15,471	20,133	-	40,237	7,691	18,702	26,393	66,630	
Membership dues	-	289	632	1,073	-	1,994	1,324	1,055	2,379	4,373	
Insurance	-	-	-	-	-	-	5,966	-	5,966	5,966	
Miscellaneous	-	12	20,027	13,560	-	33,599	772	3,609	4,381	37,980	
TOTAL EXPENSES BEFORE DEPRECIATION	3,083,465	148,045	443,830	954,891	171,028	4,801,259	293,447	671,467	964,914	5,766,173	
Depreciation	-	2,508	7,986	11,130	-	21,624	3,964	10,549	14,513	36,137	
TOTAL FUNCTIONAL EXPENSES	\$ 3,083,465	\$ 150,553	\$ 451,816	\$ 966,021	\$ 171,028	\$ 4,822,883	\$ 297,411	\$ 682,016	\$ 979,427	\$ 5,802,310	

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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 532,641	\$ (187,959)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	38,330	36,137
Loss (gain) on investments reported at fair value	(1,441,548)	686,747
Noncash lease expense	149,947	141,459
Decrease (increase) in assets:		
Accrued investment income	(1,855)	(4,759)
Pledges receivable	190,790	247,800
Other receivables	382,357	(935,822)
Prepaid expenses	(5,215)	275
(Decrease) increase in liabilities:		
Accounts payable	72,793	(101,641)
Accrued payroll and withholding taxes	37,248	(14,300)
Allocations payable	(13,125)	(12,725)
Designations payable	(109,782)	(105,439)
Miscellaneous payable	18,207	24,101
Deferred revenue	(221,747)	402,482
Pre Lease liabilities	(149,947)	(141,459)
Total adjustments	<u>(1,053,547)</u>	<u>222,856</u>
Cash provided by (used in) operating activities	(520,906)	34,897
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from sales and maturities of investments	1,543,611	1,710,972
Purchase of investments	(1,182,042)	(1,018,702)
Repayment of loan receivables	-	21,634
Purchase of equipment	(13,961)	(27,642)
Cash provided by investing activities	<u>347,608</u>	<u>686,262</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(173,298)	721,159
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,510,028</u>	<u>788,869</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,336,730</u>	<u>\$ 1,510,028</u>
NON-CASH ITEMS:		
Right to use assets acquired	\$ (769,957)	\$ (342,349)
Lease liabilities incurred	769,957	342,349

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

NOTES TO FINANCIAL STATEMENTS

UNITED WAY OF GREATER STARK COUNTY, INC.

March 31, 2024 and 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The United Way of Greater Stark County, Inc. (United Way) serves all of Stark and Carroll 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 and Carroll Counties of Ohio.

At March 31, 2024 and 2023, 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.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

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, 2023 and 2022.

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.

Leases

Effective April 1, 2022, the Company adopted FASB ASC 842. The Company assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for those leases on a straight-line basis over the lease term. Operating leases with a term longer than 12 months are included in operating lease right-of-use (“ROU”) assets, other current liabilities, and operating lease liabilities on the statement of financial position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities on the statement of financial position.

ROU assets represent the Company’s right to use an underlying asset for the lease term, and lease liabilities represent the Company’s obligation to make lease payments. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments. The Company uses the implicit rate when determinable; for instances where the implicit rate is not determinable, management uses the Company’s incremental borrowing rate based on the information available at lease commencement. Operating lease ROU assets also include any lease payments made and exclude any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Company’s lease term may include options to extend or terminate the lease when it is reasonably certain that will occur.

NOTE B - INVESTMENTS

Investments stated at fair value at March 31, 2024 are summarized as follows:

<u>Asset Category</u>	<u>Fair Value at March 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Government and Agency Bonds	\$ 3,363,359	\$3,363,359	\$ -	\$ -
Mutual Funds:				
Fixed Income	95,702	95,702	-	-
Equity	840,553	840,553	-	-
Marketable Equity Securities	2,889,034	2,889,034	-	-
Investment in Stark Community Foundation Pooled Account	5,408,885	-	-	5,408,885
	<u>\$ 12,597,533</u>	<u>\$7,188,648</u>	<u>\$ -</u>	<u>\$5,408,885</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE B - INVESTMENTS (CONTINUED)

Investments stated at fair value at March 31, 2023 are summarized as follows:

<u>Asset Category</u>	<u>Fair Value at March 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Government and Agency Bonds	\$ 3,375,093	\$ 3,375,093	\$ -	\$ -
Mutual Funds:				
Fixed Income	98,233	98,233	-	-
Equity	778,050	778,050	-	-
Marketable Equity Securities	2,331,300	2,331,300	-	-
Investment in Stark Community Foundation Pooled Account	4,934,878	-	-	4,934,878
	<u>\$ 11,517,554</u>	<u>\$ 6,582,676</u>	<u>\$ -</u>	<u>\$ 4,934,878</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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE B - INVESTMENTS (CONTINUED)

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, 2024:

Beginning Balance	\$ 4,934,878
Transfer into Level 3 as donation revenue	3,000
Total gains or losses for the period	641,142
Total other earned income	80,668
Total disbursements	<u>(250,803)</u>
Ending Balance	<u>\$ 5,408,885</u>

Fair Value Measurements Using Significant Unobservable Inputs (Level 3) at March 31, 2023:

Beginning Balance	\$ 5,467,340
Transfer into Level 3 as donation revenue	41,994
Total gains or losses for the period	(231,841)
Total other earned income	69,883
Total disbursements	<u>(412,498)</u>
Ending Balance	<u>\$ 4,934,878</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE C - PLEDGES RECEIVABLE

Pledges receivable and related information at March 31, 2024 and 2023 are summarized as follows:

	PLEDGE YEAR 2024		TOTAL
	CURRENT	PRIOR	
Gross pledges	\$ 4,572,186	\$ 4,930,418	\$ 9,502,604
Collections to date	(2,643,751)	(4,835,917)	(7,479,668)
Unpaid pledge amount	1,928,435	94,501	2,022,936
Allowance for uncollectible accounts	(114,305)	(98,385)	(212,690)
	\$ 1,814,130	\$ (3,884)	\$ 1,810,246
	PLEDGE YEAR 2023		
	CURRENT	PRIOR	TOTAL
Gross pledges	\$ 4,914,701	\$ 5,328,137	\$ 10,242,838
Collections to date	(2,798,469)	(5,175,682)	(7,974,151)
Unpaid pledge amount	2,116,232	152,455	2,268,687
Allowance for uncollectible accounts	(122,868)	(138,760)	(261,628)
	\$ 1,993,364	\$ 13,695	\$ 2,007,059

NOTE D - EQUIPMENT AND IMPROVEMENTS

Equipment and improvements are 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 \$38,330 and \$36,137 for the years ended March 31, 2024 and 2023, respectively.

Equipment and improvements are summarized as follows at March 31, 2024 and 2023:

	2024	2023
Office equipment	\$ 422,923	\$ 408,962
Leasehold improvements	240,462	240,462
	663,385	649,424
Accumulated depreciation	(610,395)	(572,065)
	\$ 52,990	\$ 77,359

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE E - 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, 2024 and 2023:

<u>APPROPRIATED FOR</u>	2024	2023
Operating reserves	\$ 1,460,000	\$ 1,495,000
Accumulated increase on investments reported at fair value	3,709,149	2,292,707
	\$ 5,169,149	\$ 3,787,707

NOTE F - NET ASSETS WITH DONOR RESTRICTIONS

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

	2024	2023
Campaign revenue for future allocation period	\$ 3,604,238	\$ 3,945,373
CARE Team	139,896	483,234
Strategic Investment	762,434	874,576
Alvarez Subfund	32,760	28,706
Capital Improvements Subfund	1,404,202	1,270,886
	\$ 5,943,530	\$ 6,602,775

Net assets released from restrictions of \$5,056,164 for the year ended March 31, 2024 and \$4,909,567 for the year ended March 31, 2023 resulted from incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donors.

NOTE G - 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 \$22,758 and \$25,279 for the years ended March 31, 2024 and 2023, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE H - LEASING ACTIVITIES

The Organization leases its office space under an operating lease agreement. The lease has remaining lease terms as defined in the below tables.

As disclosed in Note A, the Organization elected to adopt FASB ASC 842 effective April 1, 2022 and utilized all of the available practical expedients. The adoption had a material impact on the Organization's statement of financial position but did not have a material impact on the statement of activities. The most significant impact was the recognition of ROU assets and lease liabilities for the operating leases. The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less.

In March of 2024, the Organization signed an agreement to renew their lease of office space effective upon the expiration of the current lease on July 31, 2024. The new agreement is effective for a five year period ending July 31, 2029.

The following summarizes the line items in the statement of financial position which include amounts for operating leases as of March 31:

	2024	2023
Operating Leases:		
Operating lease right-of-use-assets	\$ 820,900	\$ 200,890
Other current liabilities	\$ 128,946	\$ 149,947
Operating lease liabilities	691,954	50,943
Total operating lease liabilities	\$ 820,900	\$ 200,890

The following summarizes the weighted average remaining lease term and discount rate as of March 31:

	2024
Remaining Lease Term Range	
Operating leases	64 months
Discount Rate Range	
Operating leases	6.00%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE H - LEASING ACTIVITIES (CONTINUED)

The maturities of lease liabilities as of March 31, 2024 were as follows:

Year ended March 31:	Operating
2025	\$ 178,200
2026	186,300
2027	186,300
2028	186,300
2029	186,300
Thereafter	62,100
Total lease payments	985,500
Less interest	(164,600)
Present value of lease liabilities	\$ 820,900

The following summarizes the line items in the income statements which include the components of lease expense for the year ended March 31:

	2024	2023
Operating lease expense included in program services	\$ 97,200	\$ 97,200
Operating lease expense included in supporting services	\$ 64,800	\$ 64,800

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

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flow from operating leases	\$ 162,000	\$ 162,000
Lease assets obtained in exchange for lease obligations:		
Operating leases	\$ 769,957	\$ 342,349

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE H - LEASING ACTIVITIES (CONTINUED)

Rent expense charged to operations was \$227,023 and \$225,823 for the years ended March 31, 2024 and 2023, respectively.

The Organization enters into various lease arrangements for miscellaneous pieces of office equipment in the normal course of business with various payment terms and cancellation dates. The lease arrangements are not significant to the Organization's financial statements.

NOTE I - PAYMENTS MADE TO AFFILIATE ORGANIZATIONS

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

	<u>2024</u>	<u>2023</u>
United Way Worldwide	\$ 57,578	\$ 66,630
Ohio United Way	-	1,000
	<u>\$ 57,578</u>	<u>\$ 67,630</u>

NOTE J - 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, 2024 and 2023 \$54,976 and \$26,914, 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 \$247,417 and \$249,982 for the years ended March 31, 2024 and 2023, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE K - RELATED PARTY TRANSACTIONS

For the year ended March 31, 2024 and 2023, the United Way paid \$123,086 and \$84,429, 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 L - 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, 2024:

Cash and cash equivalents	\$ 1,336,730
Investments	12,597,533
Pledges receivable, net	1,810,246
Grants and other receivables	382,886
Financial Assets, at year end	<u>16,127,395</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>(5,943,530)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 10,183,865</u>

NOTE M - SUBSEQUENT EVENTS

The United Way has evaluated subsequent events through August 9, 2024, the date which the financial statements were available to be issued.