

UNITED WAY OF PORTAGE COUNTY, INC.

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
United Way of Portage County
Ravenna, OH

Opinion

We have audited the financial statements of United Way of Portage County, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activities, changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of United Way of Portage County as of June 30, 2022 and 2021, and the results of the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Organization 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 the 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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

A handwritten signature in blue ink that reads "Meaden & Moore Ltd." in a cursive script.

Meaden & Moore, Ltd.
Cleveland, Ohio

January 25, 2023

STATEMENT OF FINANCIAL POSITION

United Way of Portage County, Inc.

June 30

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash, restricted cash and cash equivalents	\$ 62,522	\$ 457,418
Investments	693,633	367,261
Pledge receivables	244,915	254,707
Accounts receivable - other	5,688	4,844
Prepaid expenses	5,302	19,075
Beneficial interest in trust	-	92,876
Property and equipment - net	<u>2,808</u>	<u>3,774</u>
 Total Assets	 <u>\$ 1,014,868</u>	 <u>\$ 1,199,955</u>
LIABILITIES		
Paycheck Protection Program loan	\$ -	\$ 44,780
Accounts payable	77,243	10,133
Accrued expenses	25,987	33,530
Designations payable	67,710	71,520
Allocations payable	<u>221,873</u>	<u>321,509</u>
 Total Liabilities	 392,813	 481,472
NET ASSETS		
Without Donor Restrictions:		
Operating	369,932	305,023
Board designated endowment	<u>105,510</u>	<u>125,061</u>
	475,442	430,084
With Donor Restrictions:		
Time and purpose restrictions	34,485	170,356
Endowment	<u>112,128</u>	<u>118,043</u>
	<u>146,613</u>	<u>288,399</u>
 Total Net Assets	 <u>622,055</u>	 <u>718,483</u>
 Total Liabilities and Net Assets	 <u>\$ 1,014,868</u>	 <u>\$ 1,199,955</u>

See accompanying notes.

STATEMENT OF CHANGES IN NET ASSETS

United Way of Portage County, Inc.

Years Ended June 30, 2022 and 2021

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Net Assets - July 1, 2020	\$ 15,791	\$ 597,541	\$ 613,332
Change in net assets - 2021	<u>414,293</u>	<u>(309,142)</u>	<u>105,151</u>
Net Assets - June 30, 2021	430,084	288,399	718,483
Change in net assets - 2022	<u>45,358</u>	<u>(141,786)</u>	<u>(96,428)</u>
Net Assets - June 30, 2022	<u>\$ 475,442</u>	<u>\$ 146,613</u>	<u>\$ 622,055</u>

See accompanying notes.

STATEMENT OF ACTIVITIES

United Way of Portage County, Inc.

Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT			
Annual campaign	\$ 573,592	\$ 80,155	\$ 653,747
Less: Donor designations	-	(80,155)	(80,155)
Less: Provision for uncollectible	<u>(35,991)</u>	<u>-</u>	<u>(35,991)</u>
Net campaign revenue	537,601	-	537,601
Designation administration fees	14,893	-	14,893
Special events - net	1,786	-	1,786
Paycheck Protection Program loan forgiveness	44,780	-	44,780
Contributions and grants	<u>1,370</u>	<u>49,416</u>	<u>50,786</u>
Total Public Support	600,430	49,416	649,846
Net Assets Released from Restrictions			
Satisfaction of program restrictions	<u>167,544</u>	<u>(167,544)</u>	<u>-</u>
	767,974	(118,128)	649,846
EXPENSES			
Program services	476,215	-	476,215
General and administrative	51,260	-	51,260
Fundraising and development	<u>103,618</u>	<u>-</u>	<u>103,618</u>
Total Expenses	<u>631,093</u>	<u>-</u>	<u>631,093</u>
Net Income (Deficit) before Non-Operating Activity	<u>136,881</u>	<u>(118,128)</u>	<u>18,753</u>
NON-OPERATING ACTIVITY			
Investment loss	<u>(91,523)</u>	<u>(23,658)</u>	<u>(115,181)</u>
Total Non-Operating Activity	<u>(91,523)</u>	<u>(23,658)</u>	<u>(115,181)</u>
Change in Net Assets	<u>\$ 45,358</u>	<u>\$ (141,786)</u>	<u>\$ (96,428)</u>

See accompanying notes.

STATEMENT OF ACTIVITIES

United Way of Portage County, Inc.

Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT			
Annual campaign	\$ 524,312	\$ 93,820	\$ 618,132
Less: Donor designations		(93,820)	(93,820)
Plus: Recovery from provision for uncollectible	5,004	-	5,004
Net campaign revenue	529,316	-	529,316
Designation administration fees	22,070	-	22,070
Special events - net	13,560	-	13,560
Paycheck Protection Program loan forgiveness	44,780	-	44,780
Contributions and grants	-	52,154	52,154
Total Public Support	609,726	52,154	661,880
Net Assets Released from Restrictions			
Satisfaction of program restrictions	477,518	(477,518)	-
	1,087,244	(425,364)	661,880
EXPENSES			
Program services	564,622	-	564,622
General and administrative	47,349	-	47,349
Fundraising and development	97,070	-	97,070
Total Expenses	709,041	-	709,041
Net Income (Deficit) before Non-Operating Activity	378,203	(425,364)	(47,161)
NON-OPERATING ACTIVITY			
Beneficial interest in trust			
- change in value	-	83,299	83,299
Investment income	36,090	32,923	69,013
Total Non-Operating Activity	36,090	116,222	152,312
Change in Net Assets	\$ 414,293	\$ (309,142)	\$ 105,151

See accompanying notes.

STATEMENT OF FUNCTIONAL EXPENSES

United Way of Portage County, Inc.

Years Ended June 30

	2022			
	Program Services	General and Administrative	Fundraising and Development	Total
Allocations to agencies	\$ 277,559	\$ -	\$ -	\$ 277,559
Personnel costs	140,090	18,001	66,929	225,020
Professional and contract services	17,101	24,766	17,101	58,968
Occupancy	23,961	5,784	11,567	41,312
Office expenses	4,386	1,058	2,117	7,561
Direct program costs	3,657	-	-	3,657
Advertising, printing and publications	1,087	148	956	2,191
Staff development	7,077	1,286	4,322	12,685
Other expense	1,297	313	626	2,236
Interest income	-	(96)	-	(96)
Total Expense	<u>\$ 476,215</u>	<u>\$ 51,260</u>	<u>\$ 103,618</u>	<u>\$ 631,093</u>

	2021			
	Program Services	General and Administrative	Fundraising and Development	Total
Allocations to agencies	\$ 373,316	\$ -	\$ -	\$ 373,316
Personnel costs	128,763	16,517	61,188	206,468
Professional and contract services	13,970	20,233	13,970	48,173
Occupancy	31,677	7,646	15,292	54,615
Office expenses	4,381	1,058	2,115	7,554
Direct program costs	4,605	-	-	4,605
Advertising, printing and publications	1,111	206	1,004	2,321
Staff development	5,568	1,243	2,907	9,718
Other expense	1,231	296	594	2,121
Interest Expense	-	150	-	150
Total Expense	<u>\$ 564,622</u>	<u>\$ 47,349</u>	<u>\$ 97,070</u>	<u>\$ 709,041</u>

See accompanying notes.

STATEMENT OF CASH FLOWS

United Way of Portage County, Inc.

Years Ended June 30

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from support and revenue	\$ 614,014	\$ 624,760
Cash paid for annual campaign expenses	(381,005)	(428,119)
Cash paid for other operating expenses and employees	<u>(279,228)</u>	<u>(337,589)</u>
Cash Used in Operating Activities	(46,219)	(140,948)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	9,447	4,473
Purchase of investments	(451,000)	-
Distributions received from beneficial interest in trust	<u>92,876</u>	<u>397,323</u>
Cash Provided by (Used in) Investing Activities	<u>(348,677)</u>	<u>401,796</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Paycheck Protection Program loan	<u>-</u>	<u>44,780</u>
Increase (Decrease) in Cash, Restricted Cash and Cash Equivalents	(394,896)	305,628
Cash, Restricted Cash and Cash Equivalents - Beginning of the Year	<u>457,418</u>	<u>151,790</u>
Cash, Restricted Cash and Cash Equivalents - End of the Year	<u>\$ 62,522</u>	<u>\$ 457,418</u>

See accompanying notes.

	<u>2022</u>	<u>2021</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES		
Change in Net Assets	\$ (96,428)	\$ 105,151
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used In) Operating Activities:		
Depreciation	966	1,125
Paycheck Protection Program loan forgiveness	(44,780)	(44,780)
Realized and unrealized (gain) loss on sale of investments	131,034	(63,271)
Unrealized gain on beneficial interest in trust	-	(83,299)
Donated securities	-	(4,473)
Interest and dividends reinvested	(15,853)	(5,742)
Increase (Decrease) in Cash from Changes in:		
Accounts receivable - other	(844)	(2,114)
Pledges receivable	9,792	14,247
Prepaid expenses	13,773	(13,231)
Bank overdrafts	-	-
Accounts payable	67,110	2,069
Accrued expenses	(7,543)	8,173
Designations payable	(3,810)	(71,669)
Allocations payable	(99,636)	16,866
	<u>50,209</u>	<u>(246,099)</u>
	<u>\$ (46,219)</u>	<u>\$ (140,948)</u>
Supplemental Schedule of Noncash Investing and Financing Activities:		
Paycheck Protection Program loan forgiveness	<u>\$ 44,780</u>	<u>\$ 44,780</u>

NOTES TO FINANCIAL STATEMENTS

United Way of Portage County, Inc.

1 Summary of Significant Accounting Policies

Nature of the Organization:

United Way of Portage County, Inc. (the “United Way” or “Organization”) is incorporated in the state of Ohio as a not-for-profit organization. The United Way was established to collect and distribute public donations to various local charities. The United Way’s mission is to unite people and resources in a community-wide effort to care for one another.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Classification of Net Assets:

Net assets, contributions, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in continuing activities, grants, and operations of the Organization at the discretion of the governing body.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or purpose specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash, Restricted Cash and Cash Equivalents:

For the purposes of the statement of cash flows, the United Way considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Temporarily uninvested cash in investment accounts is considered a cash equivalent. The restricted cash balance includes cash that is included in the perpetual in nature investment endowment account of \$1,110 (2022) and \$1,108 (2021). It also includes time or purpose restricted donations of \$4,016 (2022) and \$12,315 (2021).

Beneficial Interest in Trust:

The United Way is named as an income and remainder beneficiary of a split interest agreement, which was created in 1971 upon the death of the trust settler. Through a court settlement, the United Way is to receive 25% of the annual income from the trust and 25% of the principal upon termination of the trust in 2021. The United Way records the interest in the trust at fair value on the statement of financial position. As of October 2021, the trust has been fully disbursed.

NOTES TO FINANCIAL STATEMENTS

United Way of Portage County, Inc.

1 Summary of Significant Accounting Policies, Continued

Beneficial Interest in Trust, Continued:

The distributions from the trust are recorded as releases from restriction on the statement of activities \$92,876 (2022) and \$397,323 (2021). The change in value of the beneficial interest is recorded on the statement of activities \$0 (2022) and \$83,299 (2021). The United Way received the remaining distribution from the trust in fiscal year 2022.

Investments:

Investments are recorded at fair market value based on published market prices. The difference between their cost and fair market value is recorded as an unrealized gain or loss in the statement of activities. Specific-identification is used to identify securities sold.

Revenue Recognition:

The Organization recognizes revenue under Accounting Standards Update (ASU) No. 2018-08 – *Not-for-profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*.

An annual campaign is conducted each year to fund the United Way's operations and allocations and grants for local charitable agencies. Allocations to local agencies are determined by a volunteer committee and are based on a percentage of the total funds raised in the annual campaign. The actual dollar allocations are calculated once total proceeds from the campaign are determined, which is typically in the following calendar year of the campaign. The allocations are recorded as a liability once the Board has approved the recommendations of the allocations committee and paid to the agencies during the following fiscal year.

Contributions and grants are recognized when awarded as with or without donor restriction. When a donor restriction expires through accomplishment of purpose or passage of time, the restricted net assets are reclassified to without donor restrictions and reported in the statement of activities as net assets released from restrictions. Grants and contributions received with donor-imposed restrictions are recorded as without donor restrictions if the restrictions are expected to be met within the same period.

Revenue that has been received but is not earned during the period is classified as deferred in the statement of financial position.

Donated Services:

The United Way received donated services (general assistance, fundraising events, governance, etc.) which do not meet the criteria for recognition under FASB ASC 958-605 or cannot be objectively measured. These donations, while not recognized in the financial statements, provide valuable resources to the United Way.

NOTES TO FINANCIAL STATEMENTS

United Way of Portage County, Inc.

1 Summary of Significant Accounting Policies, Continued

Property and Equipment

Property and equipment purchased by the United Way are carried at cost. Donated property and equipment are recorded at estimated fair value at the date of donation. Expenditures for maintenance and repairs are charged to income as incurred. Additions and betterments are capitalized. The cost and related accumulated depreciation of properties sold or otherwise disposed of are removed from the accounts and any gain or loss is reflected in the current years' activities.

	<u>2022</u>	<u>2021</u>
Equipment	\$ 8,862	\$ 8,862
Office furniture and fixtures	<u>10,874</u>	<u>10,874</u>
	19,736	19,736
Less: Accumulated depreciation	<u>(16,928)</u>	<u>(15,962)</u>
	<u>\$ 2,808</u>	<u>\$ 3,774</u>
Depreciation Expense	<u>\$ 966</u>	<u>\$ 1,125</u>

The United Way provides for depreciation of property and equipment generally using straight-line methods of depreciation over the following estimated useful lives of the assets:

<u>Class</u>	<u>Years</u>
Equipment	5
Office furniture and fixtures	3 - 7

Designations Payable:

The amount in designations payable is an estimate based on the total designated payable income for fiscal years 2022 and 2021. Donors can designate their pledge to a specific organization; and therefore, the United Way is required to remit the amount of the pledges collected less an 18.58% (2022) and 20.82% (2021) administration fee to the designated agency.

Allocations Payable:

The amount in allocations payable is an estimate based on the total amount to be payable to organizations supported by United Way. The amount allocated from the current and past year's campaign to be paid in the next year amounted to \$221,873 (2022) and \$321,509 (2021) and is included in the statement of financial position.

NOTES TO FINANCIAL STATEMENTS

United Way of Portage County, Inc.

1 Summary of Significant Accounting Policies, Continued

Functional Expense Allocations:

The financial statements report certain categories of expenses that are attributable to the program and supporting functions of United Way. The costs of providing the programs and supporting services have been summarized on a functional basis. Those expenses include employee salaries and benefits, facility and general administrative expenditures. Salaries and benefits are allocated based on estimates of time and effort utilized. Facility and general administrative expenditures are allocated based on time spent by employees and square footage of space used for various programs. Allocations to agencies, are considered program expenses.

Income Tax Status:

The United Way is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and operates as a public charity. The United Way is required to operate in conformity with the Code to maintain its tax-exempt status.

Accounting for Uncertainty in Income Taxes:

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the United Way and recognize a tax liability if the United Way has taken certain tax positions that more-likely-than-not would not be sustained upon examination by applicable taxing authorities. The United Way would recognize interest and penalties accrued, if any, related to unrecognized tax uncertainties in income tax expense. Management has analyzed tax positions taken and has concluded that there are no material uncertain tax positions taken, or expected to be taken, that would require recognition of a liability or disclosure in the financial statements.

Subsequent Events:

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements.

Subsequent events have been evaluated through January 25, 2023, which is the date the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS

United Way of Portage County, Inc.

2 Investments

The fair value of the investments at June 30 by classification are as follows:

	2022	2021
Mutual funds	<u>\$ 693,633</u>	<u>\$ 367,261</u>

Investment income (loss) at June 30 consists of the following:

	2022	2021
Interest and dividends	\$ 15,852	\$ 5,742
Realized and unrealized gains (losses)	<u>(131,033)</u>	<u>63,271</u>
	<u>\$ (115,181)</u>	<u>\$ 69,013</u>

Fair Value Measurements:

FASB ASC 820, "Fair Value Measurements," applies to all financial instruments that are measured and reporting on a fair value basis. As defined in FASB ASC 820, fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. In determining fair value, the United Way utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable firm inputs. The United Way utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the examination of the inputs used in the valuation techniques, the United Way is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

- * Quoted prices for similar assets or liabilities in active markets;
- * Quoted prices for identical assets or similar assets or liabilities in inactive markets;
- * Inputs other than quoted prices that are observable for the asset or liability;
- * Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Unobservable inputs that are not corroborated by market data.

NOTES TO FINANCIAL STATEMENTS

United Way of Portage County, Inc.

2 Investments, Continued

Fair Value Measurements, Continued:

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Mutual Funds:

The fair value of the mutual funds are based on quoted market prices and is classified as Level 1 in the fair value hierarchy.

Beneficial Interest in Trust:

The net present value of future cash flows is recorded based on the United Way's ownership percentage of the value of the underlying assets as confirmed by the Trustees. These investments are measured at fair value using the Net Asset Value (NAV) per share (or its equivalent) practical expedient. There are no unfunded commitments and no specific redemption restrictions or time constraints.

The following table presents the financial instruments carried at fair value as of June 30, 2022 by the FASB ASC 820 valuation hierarchy:

	Quoted Market Prices in Active Markets (Level 1)	Models with Significant Observable Market Parameters (Level 2)	Unobservable Inputs that are Not Corroborated by Market Data (Level 3)	Total Carrying Value in the Statement of Financial Position
Mutual Funds:				
Blended	<u>\$ 693,633</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 693,633</u>

NOTES TO FINANCIAL STATEMENTS

United Way of Portage County, Inc.

2 Investments, Continued

The following table presents the financial instruments carried at fair value as of June 30, 2021 by the FASB ASC 820 valuation hierarchy:

	Quoted Market Prices in Active Markets (Level 1)	Models with Significant Observable Market Parameters (Level 2)	Unobservable Inputs that are Not Corroborated by Market Data (Level 3)	Total Carrying Value in the Statement of Financial Position
Mutual Funds:				
Blended	\$ 367,261	\$ -	\$ -	\$ 367,261
Fair Value Measured at NAV:				
Beneficial interest in trust				92,876
				<u>\$ 460,137</u>

Liquidity and Availability

The United Way manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance designations and allocations payable and obligations under endowments with donor restrictions that support mission fulfillment will continue to be met, ensuring the sustainability of the Organization.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year comprise the following:

NOTES TO FINANCIAL STATEMENTS

United Way of Portage County, Inc.

3 Liquidity and Availability, Continued

	<u>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 62,522	\$ 457,418
Investments	693,633	367,261
Accounts receivable - other	5,688	4,844
Pledges receivable	244,915	254,707
Beneficial interest in trust	-	92,876
	<u>1,006,758</u>	<u>1,177,106</u>
Total financial assets		
Less Financial assets not available to be used within one year		
Donor restricted by time or purpose	34,485	77,480
Endowment in perpetuity	112,128	118,043
Beneficial interest in trust	-	92,876
	<u>146,613</u>	<u>288,399</u>
Financial assets not available to be used within one year		
Financial assets available to meet general expenditures within one year	<u>\$ 860,145</u>	<u>\$ 888,707</u>

4 Pledge Receivables

All contributions are considered without donor restrictions, unless specifically restricted by the donor. Pledges are recorded in the statement of financial position when the United Way is notified of the pledge and allowances are provided for amounts estimated as uncollectible. An allowance for uncollectible pledges is applied to the aggregate of pledges receivable. United Way considers all prior year campaign pledges that have not been received as 100% uncollectible and as such the allowance at June 30, 2022 represents approximately four years of uncollected campaign balances as well as managements' estimate of the uncollectible amounts related to the current year campaign.

	<u>2022</u>	<u>2021</u>
Uncollected pledges at June 30 are due as follows:		
Promises to give due within 1 year	\$ 283,901	\$ 301,363
Promises to give due after 1 year	108,930	118,499
Less: Allowance for uncollectible pledges	<u>(147,916)</u>	<u>(165,155)</u>
Total	<u>\$ 244,915</u>	<u>\$ 254,707</u>

NOTES TO FINANCIAL STATEMENTS

United Way of Portage County, Inc.

5 Leases

The United Way leases space located at the second floor of 999 East Main Street, Ravenna, Ohio with a lease agreement through February 1, 2027, with the option to extend for up to two terms of five years. The United Way is responsible for electricity charges and common area maintenance. The rate of rent is \$10.50 per square foot per year with an increase of \$0.25 per square foot on each anniversary of the commencement date, electricity is fixed at a rate of \$1.50 per square foot per year.

The United Way is responsible for maintaining general liability insurance as well as content, fire and extended coverage insurance.

Rent expense was \$24,942 (2022) and \$24,358 (2021).

The United Way leased a copy machine, which expired September 2020. Rent expense for this copy machine was \$0 (2022) and \$1,187 (2021).

Minimum lease payments due under the operating lease obligations are due as follows:

	<u>Real Estate</u>
2023	\$ 25,378
2024	25,867
2025	26,357
2026	26,846
2027	<u>18,115</u>
Total	<u>\$ 122,563</u>

NOTES TO FINANCIAL STATEMENTS

United Way of Portage County, Inc.

6 Donor Restricted Net Assets

Donor restricted net assets at June 30 consist of the following:

	2022	2021
Subject to Time and Purpose Restrictions:		
Endowment fund	\$ 31,006	\$ 54,417
Beneficiary interest in trust	-	92,876
COVID-19 Support	(2,001)	7,378
Community projects	5,480	15,685
	34,485	170,356
Subject to Endowment Policies:		
Endowment restricted by donors	112,128	118,043
Total Net Assets with Donor Restrictions	\$ 146,613	\$ 288,399

Net assets released from net assets with donor restrictions are as follows:

	2022	2021
Satisfaction of Specific Time and Purpose:		
Endowment fund	\$ (5,668)	\$ -
Beneficiary interest in trust	(92,876)	(397,323)
COVID-19 Support	(10,129)	(37,734)
Community projects	(58,871)	(42,461)
Total Released from Donor Restrictions	\$ (167,544)	\$ (477,518)

7 Retirement Plan

The United Way has a defined contribution pension plan covering all eligible employees. An employee becomes eligible on January 1 immediately following earning at least \$300 during the preceding calendar year. The total contribution by the United Way is 6% of wages.

The United Way contributions to this Plan amounted to \$9,206 (2022) and \$6,116 (2021).

8 Related Party Transactions

The United Way pays dues and membership fees to United Way Worldwide. Total amounts paid were \$9,399 (2022) and \$8,869 (2021). Fees represent 1.5% of the Campaign Revenue.

NOTES TO FINANCIAL STATEMENTS

United Way of Portage County, Inc.

9 Endowment Funds

The United Way's endowments consist of numerous funds, established for a variety of purposes, which have been pooled together for investment purposes. The endowments include donor-restricted funds and board designated funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law:

The Board of Trustees of the United Way has interpreted the "Uniform Prudent Management of Institutional Funds Act" (UPMIFA) as requiring the preservation of the original gift as donor-restricted endowment absent explicit donor restrictions to the contrary.

As a result of this interpretation, the United Way classifies as with donor restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The Board of Trustees of the United Way has interpreted UPMIFA as requiring the preservation of the fair value of undesignated and board-designated endowment funds. The United Way considers:

- 1 The duration and preservation of the fund
- 2 The purpose of the United Way and the endowment fund
- 3 General economic conditions
- 4 The possible effect of inflation and deflation
- 5 The expected total return from income and the appreciation of investments
- 6 Other resources of the United Way
- 7 The investment policies of the United Way

Endowment Spending and Investment Policy:

The Board has adopted a spending policy where the annual amount included in the budget for withdrawal, including interest and dividend income and capital gains, must fall within the UPMIFA guidelines and not exceed 5% of the average endowment balance at the end of the three subsequent calendar years. Additional withdrawals are permitted with specific Board approval.

NOTES TO FINANCIAL STATEMENTS

United Way of Portage County, Inc.

9 Endowment Funds, Continued

Endowment Spending and Investment Policy, Continued:

Changes in endowment net assets at June 30 are as follows:

	<u>Board Designated</u>	<u>Time and Purpose Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance - July 1, 2020	\$ -	\$ 29,725	\$ 109,812	\$ 139,537
Investment return	21,949	24,692	8,231	54,872
Endowment contributions	<u>103,112</u>	<u>-</u>	<u>-</u>	<u>103,112</u>
Balance- June 30, 2021	125,061	54,417	118,043	297,521
Loss on investment	(15,772)	(17,743)	(5,915)	(39,430)
Distributions to operating under spending policy	<u>(3,779)</u>	<u>(5,668)</u>	<u>-</u>	<u>(9,447)</u>
Balance - June 30, 2022	<u>\$ 105,510</u>	<u>\$ 31,006</u>	<u>\$ 112,128</u>	<u>\$ 248,644</u>

10 Special Events

The United Way conducted several special events during June 30, 2022 and the details from the amount included in the statement of activities is as follows:

	2022		
	<u>Revenue</u>	<u>Expenses</u>	<u>Net</u>
March Madness	\$ 5,913	\$ 723	\$ 5,190
Kickoff	10,781	7,598	3,183
Day of Caring	3,500	937	2,563
Reverse Raffle	13,625	7,602	6,023
Annual Celebration	1,500	5,813	(4,313)
Other Events	<u>1,970</u>	<u>12,830</u>	<u>(10,860)</u>
	<u>\$ 37,289</u>	<u>\$ 35,503</u>	<u>\$ 1,786</u>

NOTES TO FINANCIAL STATEMENTS

United Way of Portage County, Inc.

10 Special Events, Continued

The United Way conducted several special events during June 30, 2021 and the details from the amount included in the statement of activities is as follows:

	2021		
	Revenue	Expenses	Net
March Madness	\$ 8,425	\$ 3,108	\$ 5,317
Kickoff	14,596	8,300	6,296
Day of Caring	5,050	2,015	3,035
Other Events	225	1,313	(1,088)
	<u>\$ 28,296</u>	<u>\$ 14,736</u>	<u>\$ 13,560</u>

11 Paycheck Protection Program

In April 2020, the Organization received loan proceeds in the amount of \$44,780, under the Paycheck Protection Program (“PPP”), established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”). The loan and accrued interest are forgivable if the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels throughout the covered period. In November 2020, the Organization received full forgiveness of the PPP loan and accrued interest based on qualifying expenses. Therefore, all the conditions of the grant were met during the 2021 fiscal year, and the Organization has recognized these funds as revenue on the statement of activities.

In February 2021, the Organization received loan proceeds in the amount of \$44,780, under the second round of the Paycheck Protection Program (“PPP”), established as part of the 2021 Consolidated Appropriations Act. The loan and accrued interest are forgivable if the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels throughout the covered period. In August 2021, the Organization received full forgiveness of the PPP loan and accrued interest based on qualifying expenses. Therefore, all the conditions of the grant were met during the 2022 fiscal year, and the Organization has recognized these funds as revenue on the statement of activities.