



**United Way
of Lake County**

**AUDITED
FINANCIAL STATEMENTS**

JUNE 30, 2021 AND 2020

UNITED WAY OF LAKE COUNTY, INC.

INDEX

JUNE 30, 2021

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Lake County, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Lake County, Inc. (UWLC), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of Lake County, Inc. as of June 30, 2021 and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited United Way of Lake County, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 19, 2020. In our opinion, the accompanying summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Funds Awarded to Member Agencies and Others is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Concord, Ohio
_____, 2021

H.J.
Certified Public Accountants

UNITED WAY OF LAKE COUNTY, INC.
 STATEMENTS OF FINANCIAL POSITION
 AS OF JUNE 30, 2021
 (WITH SUMMARIZED COMPARATIVE TOTALS 2020)

	2021	2020
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 400,503	\$ 601,063
Pledges Receivable	492,471	638,408
(Less Allowance for Uncollectible Pledges)	(80,000)	(90,000)
Prepaid Expenses and Other	8,458	6,754
	821,432	1,156,225
Property and Equipment, Net	413,578	437,722
Other Assets		
Cash Surrender Value of Life Insurance	28,597	27,839
Investments	2,665,960	2,125,009
	2,694,557	2,152,848
TOTAL ASSETS	\$ 3,929,567	\$ 3,746,795
LIABILITIES AND NET ASSETS		
Current Liabilities		
Allocations Payable	\$ 748,800	\$ 1,070,001
Designations Payable	35,422	56,646
Accounts Payable	778	448
Other Payables	2,338	9,645
Accrued Expenses	23,056	21,532
Refundable Advance	89,465	86,600
	899,859	1,244,872
NET ASSETS		
Without Donor Restrictions		
Operating	2,361,028	1,863,109
Board-Designated	517,756	-
With Donor Restrictions	150,924	638,814
TOTAL NET ASSETS	3,029,708	2,501,923
TOTAL LIABILITIES AND NET ASSETS	\$ 3,929,567	\$ 3,746,795

See accompanying notes.

UNITED WAY OF LAKE COUNTY, INC.

STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2021	2020
PUBLIC SUPPORT AND REVENUE				
Gross Campaign Results	\$ 1,537,627	\$ 98,926	\$ 1,636,553	\$ 2,271,157
Less Donor Designations	(185,962)	-	(185,962)	(253,004)
Less Allowance for Uncollectible Pledges	<u>(58,751)</u>	<u>-</u>	<u>(58,751)</u>	<u>(66,792)</u>
Net Campaign Revenue	1,292,914	98,926	1,391,840	1,951,361
Gifts In-Kind	150,614	-	150,614	99,889
Grants	-	93,532	93,532	24,415
Grant - PPP	86,600	-	86,600	-
Rental Income	12,000	-	12,000	12,000
Other Income	10,884	-	10,884	13,253
Net Assets Released from Restrictions	<u>267,638</u>	<u>(267,638)</u>	<u>-</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUE	1,820,650	(75,180)	1,745,470	2,100,918
EXPENSES				
Program Services:				
Gross Funds Awarded/Distributed	1,000,525	-	1,000,525	1,396,298
Less Donor Designations	<u>(185,962)</u>	<u>-</u>	<u>(185,962)</u>	<u>(253,004)</u>
Net Funds Awarded/Distributed	814,563	-	814,563	1,143,294
Community Impact	520,133	-	520,133	389,626
Allocations and Agency Relations	<u>77,417</u>	<u>-</u>	<u>77,417</u>	<u>90,561</u>
Total Program Services	1,412,113	-	1,412,113	1,623,481
Supporting Services:				
Management and General	132,955	-	132,955	116,735
Resource Development	<u>235,320</u>	<u>-</u>	<u>235,320</u>	<u>240,908</u>
Total Supporting Services	<u>368,275</u>	<u>-</u>	<u>368,275</u>	<u>357,643</u>
TOTAL EXPENSES	1,780,388	-	1,780,388	1,981,124
Increase (Decrease) in Net Assets as a Result of Operations	40,262	(75,180)	(34,918)	119,794
NON-OPERATING ACTIVITIES				
Unrealized Gain on Investments	478,064	-	478,064	8,754
Investment Income	<u>84,639</u>	<u>-</u>	<u>84,639</u>	<u>78,614</u>
	<u>562,703</u>	<u>-</u>	<u>562,703</u>	<u>87,368</u>
CHANGE IN NET ASSETS	602,965	(75,180)	527,785	207,162
NET ASSETS – BEGINNING	1,863,109	638,814	2,501,923	2,294,761
RELEASE OF DONOR-RESTRICTION - BUILDING FUND	<u>412,710</u>	<u>(412,710)</u>	<u>-</u>	<u>-</u>
NET ASSETS – ENDING	<u>\$ 2,878,784</u>	<u>\$ 150,924</u>	<u>\$ 3,029,708</u>	<u>\$ 2,501,923</u>

See accompanying notes.

UNITED WAY OF LAKE COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)

EXPENSES	DIRECT COMMUNITY SERVICE PROGRAMS			SUPPORTING SERVICES			TOTAL	
	ALLOCATIONS			MANAGEMENT AND GENERAL	RESOURCE DEVELOPMENT	TOTAL	2021	2020
	COMMUNITY IMPACT	AND AGENCY RELATIONS	TOTAL					
Salaries	\$ 152,189	\$ 49,795	\$ 201,984	\$ 72,894	\$ 126,158	\$ 199,052	\$ 401,036	\$ 380,193
Employee Benefits	23,740	7,767	31,507	11,371	19,679	31,050	62,557	56,550
Payroll Taxes	11,453	3,747	15,200	5,485	9,494	14,979	30,179	28,089
Total Personnel Cost	187,382	61,309	248,691	89,750	155,331	245,081	493,772	464,832
Gifts In-Kind	146,889	-	146,889	-	3,725	3,725	150,614	99,889
Food	103,313	-	103,313	-	-	-	103,313	52,576
Professional and Contract Service Fees	10,012	3,026	13,038	18,705	8,427	27,132	40,170	43,358
United Way Worldwide Membership Dues	11,347	3,713	15,060	5,435	9,407	14,842	29,902	20,320
Meetings and Awards	4,533	-	4,533	-	24,198	24,198	28,731	20,855
Miscellaneous	17,172	1,797	18,969	2,878	4,553	7,431	26,400	27,648
Depreciation	11,106	2,897	14,003	6,760	3,380	10,140	24,143	23,697
Occupancy	8,821	2,301	11,122	5,370	2,685	8,055	19,177	30,167
Media	6,031	-	6,031	-	9,676	9,676	15,707	18,655
Telephone/Email	3,855	1,261	5,116	1,846	3,195	5,041	10,157	11,185
Advertising	4,088	-	4,088	-	4,088	4,088	8,176	3,664
Insurance	2,983	976	3,959	1,429	2,473	3,902	7,861	7,612
Postage	983	-	983	98	3,835	3,933	4,916	2,961
Dues and Subscriptions	1,199	-	1,199	484	-	484	1,683	1,465
Travel and Conferences	324	106	430	155	268	423	853	7,169
Supplies	95	31	126	45	79	124	250	1,777
Subtotal	\$ 520,133	\$ 77,417	597,550	\$ 132,955	\$ 235,320	368,275	965,825	837,830
Allocations/Awards			814,563			-	814,563	1,143,294
Total			\$ 1,412,113			\$ 368,275	\$ 1,780,388	\$ 1,981,124

See accompanying notes.

UNITED WAY OF LAKE COUNTY, INC.

STATEMENTS OF CASH FLOWS

YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 527,785	\$ 207,162
Adjustments to Reconcile Change in Net Assets to Cash Provided by (Used by) Operating Activities:		
Depreciation	24,144	23,694
Net Unrealized Gain on Investments	(478,064)	(8,754)
Increase (Decrease) in Allowance for Uncollectible Pledges	(10,000)	10,000
Decrease (Increase) in Operating Assets:		
Pledges Receivable	145,937	31,697
Prepaid Expenses and Other	(1,704)	2,006
Increase (Decrease) in Operating Liabilities:		
Allocations Payable	(321,201)	70,001
Designations Payable	(21,224)	18,110
Accounts Payable	330	(20,111)
Other Payables	(7,307)	8,299
Accrued Expenses	1,524	5,303
Refundable Advance - PPP	<u>2,865</u>	<u>86,600</u>
Cash Provided by (Used by) Operating Activities	<u>(136,915)</u>	<u>434,007</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	-	(10,800)
Increase in CSV of Life Insurance	(758)	(740)
Net Purchase of Investments	<u>(62,887)</u>	<u>(40,864)</u>
Cash Used by Investing Activities	<u>(63,645)</u>	<u>(52,404)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(200,560)	381,603
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	<u>601,063</u>	<u>219,460</u>
CASH AND EQUIVALENTS AT END OF YEAR	<u>\$ 400,503</u>	<u>\$ 601,063</u>

See accompanying notes.

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 and 2020

1. NATURE AND SCOPE OF ACTIVITIES

United Way of Lake County, Inc. ("UWLC"), an Ohio nonprofit corporation founded in 1972, is a voluntary health and welfare organization governed by a volunteer Board of Directors. UWLC's mission is to measurably improve the quality of people's lives in Lake County. UWLC's vision is to become the entrusted champion that drives improved outcomes in the Lake County, Ohio community by funding services that impact health, education and financial stability.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**BASIS OF PRESENTATION**

The financial statements of UWLC have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

UWLC classifies its net assets and revenues, expenses, gains and losses on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of UWLC and changes therein are classified as follows:

Net assets without donor restrictions: Net assets are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of UWLC. The UWLC board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of UWLC or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

SUMMARIZED FINANCIAL INFORMATION

The financial statements include certain prior year summarized comparative information in total but not by net asset category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with UWLC's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Certain amounts in the prior-year summarized comparative information have been reclassified to be consistent with the presentation in the current-year financial statements. These classifications had no impact on changes in net assets as previously presented.

USE OF ESTIMATES

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

CONCENTRATION OF CREDIT AND MARKET RISKS

Primarily all of UWLC's revenues and receivables are from businesses and individuals located in northeastern Ohio.

UWLC's cash and cash equivalents, which are deposited in financial institutions, may at times exceed federally insured limits. UWLC has not experienced losses in such accounts and believes it is not exposed to significant credit risk on its cash and cash equivalents. Cash equivalents are highly liquid investments with an original maturity of three months or less at the date of purchase. Because of the short maturity of these financial instruments, the carrying value approximates the fair value.

The cash and investment balances are in compliance with the investment policy of UWLC and are overseen by UWLC's finance committee.

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 and 2020

FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). UWLC groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
- Level 2 Other observable inputs, either directly or indirectly, including:
- Quoted prices for similar assets/liabilities in active markets;
 - Quoted prices for identical or similar assets in non-active markets;
 - Inputs other than quoted prices that are observable for the asset/liability; and,
 - Inputs that are derived principally from or corroborated by other observable market data.
- Level 3 Unobservable inputs that cannot be corroborated by observable market data.

PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable are stated at the amount management expects to collect from outstanding balances. Provision for uncollectible pledges is determined based upon historical experience adjusted by management estimates of current economic factors, applied to gross campaign, excluding donor designations. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts. The allowance for doubtful accounts at June 30, 2021 and 2020 was \$80,000 and \$90,000, respectively. For the annual campaign, any remaining uncollectible pledge balances are written off as of the succeeding year-end.

INVESTMENTS

UWLC records investments in securities at the fair value on date of purchase or donation and recognizes the unrealized gain or loss resulting from the difference between cost and market value in the statement of activities. Investments with readily determinable fair values are stated at fair market value in the statement of financial position.

PROPERTY AND EQUIPMENT

Purchased assets are stated at cost and donated assets are stated at the fair market value at the date of acquisition. Depreciation is computed on the straight-line basis over the assets' estimated useful lives (5-40 years). UWLC generally capitalizes all expenditures for property and equipment in excess of \$5,000. Repairs and maintenance are expensed as incurred.

IMPAIRMENT OF ASSETS

UWLC accounts for long-lived assets in accordance with the *Accounting for Impairment of Long-Lived Assets* topic of the FASB *Accounting Standards Codification (ASC)*. This guidance requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. No impairment charges were recorded during the years ended June 30, 2021 and 2020.

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 and 2020

CAMPAIGN YEAR, PLEDGES AND ALLOCATION TO AGENCIES

Each year, from July to June, UWLC conducts its annual fundraising campaign. Unconditional pledges are recorded when received. Pledges are collected over a period of approximately two years from the beginning of the campaign. Final results of the campaign are used to develop an allocation to agencies that will be paid in the next period. Each April, a review process is conducted by community volunteers to determine allocation payments to agencies. In June, the Board approves the allocations and agreements are executed with the agencies. Allocations are recognized as a liability when formally approved by the Board and communicated to agencies, and are generally paid over the ensuing twelve months.

DONOR DESIGNATIONS

Designations from donors to specific nonprofit organizations other than UWLC are deducted from gross campaign results to arrive at net contribution revenue. Similarly, gross funds awarded/distributed are reduced by donor designations. United Way pledges received from donors who have elected to use third-party pledge administrators to process the designation payments on their behalf are included in gross campaign results and gross agency distributions, in accordance with United Way Worldwide membership requirements. They are not included in pledges receivable or designations payable because those donations are paid directly by the donor to the third party administrator to remit to the designated agencies.

REVENUE AND REVENUE RECOGNITION

Unconditional donor promises to give are reported at fair value at the date that there is sufficient verifiable evidence documenting that a promise was made by the donor and received by UWLC. The gifts are reported as either net assets without donor restriction or net assets with donor restriction if they are received with donor stipulations that sufficiently limit the use of the donated assets. When a donor restriction expires, through the passage of time or when the purpose is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and are reported on the statement of activities and changes in net assets as net assets released from restriction. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restriction; otherwise, the contributions are recorded as net assets without donor restriction. UWLC recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Contributed income of cash or other assets that must be used to acquire long-lived assets are recorded as contributions with donor restrictions and grants until the assets are acquired and placed in service.

Gains and losses on investments are reported as increases or decreases to net assets without donor restrictions unless their use is restricted by donor-imposed stipulation or by state law.

UWLC records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

UWLC recognizes in-kind services in accordance with applicable accounting standards if the services received (a) create or enhance non-financial assets or (b) require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Contributed food in the amount of \$108,944 and \$50,301 was recognized as program expense in 2021 and 2020, respectively and is reflected on the statement of functional expenses. The value per pound of contributed food amounted to \$1.74 (2021) and \$1.62 (2020) as derived from the most recent audited financial statements of Feeding America. In addition, UWLC received donated program materials, advertising and printing in the amount of \$27,007 (2021) and \$49,588 (2020).

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 and 2020

UWLC receives a significant amount of donated services from volunteers who assist in the annual campaign, grant allocation process and special projects. No amounts have been recognized for donated services described above since they did not meet the criteria for recognition.

In addition, UWLC receives services from volunteers who give significant amounts of their time to UWLC's programs, fundraising campaigns, and management. No amounts have been reflected for these types of donated services as they do not meet the criteria for recognition.

FUNCTIONAL EXPENSE ALLOCATIONS

Expenses are charged to functional areas based on specific identification when possible. Expenses that cannot be specifically identified to a function are allocated to the functional areas based on factors such as direct relationship of expenses, time spent by employees, and square footage of space used for various programs.

On the Statement of Functional Expenses, *Community Impact* includes coordination of UWLC staff, volunteers, and other resources to conduct activities for the betterment of the community. *Allocations and Agency Relations* include the evaluation of community needs and the distribution of funds to best meet those needs.

COMPENSATED ABSENCES

Employees of UWLC are entitled to paid vacations, sick days, and personal days off depending on job classification, length of service, and other factors. UWLC's policy is to recognize the costs of compensated absences when earned by its employees according to personnel policy.

RETIREMENT PLAN

UWLC provides for eligible staff employees to participate in a 401(k) defined contribution plan. The total employer contributions were \$17,930 and \$15,969 for the years ended June 30, 2021 and 2020, respectively.

ADVERTISING

Advertising is expensed as incurred.

UNITED WAY WORLDWIDE MEMBERSHIP DUES

United Way Worldwide membership is a support payment for which UWLC receives, among other things, the right to use the national brand in charitable endeavors, national advocacy of issues, membership education and training, centralized creation and support for marketing of fundraising campaigns, fostering of relationships with national organizations that support multiple members, establishment and monitoring of compliance with standards of accountability by members, establishment of policies and processes that improve operational efficiencies amongst members, and promotion of concept of local community impact on a national scale.

Annual dues are paid in quarterly installments to United Way Worldwide. These totaled \$29,902 and \$20,320 for the years ended June 30, 2021 and 2020, respectively.

INCOME TAXES

UWLC is organized as a nonprofit organization exempt from income tax under 501(c)(3) of the Internal Revenue Code. Income taxes on unrelated business income, if any, are provided at the applicable rates on income for financial reporting purposes. UWLC had no unrelated business income during 2021 or 2020. No tax accrual for uncertain tax positions was recorded as management believes there are no uncertain tax positions.

ACCOUNTING PRONOUNCEMENT ADOPTED

In 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. UWLC adopted the provisions of this new standard during the year ended June 30, 2021. The new standard applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Adoption of this standard had no impact on the financial statements.

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 and 2020

ACCOUNTING GUIDANCE PENDING ADOPTION

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This ASU requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the statement of activities and changes in net assets and the statement of cash flows will be substantially unchanged from the existing lease accounting guidance. In 2020, the FASB delayed the effective date for nonpublic entities to fiscal years beginning after December 15, 2021. Early adoption is permitted. The Collaborative is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

3. INVESTMENTS

Investments are composed of the following at June 30:

	2021		2020	
	FAIR VALUE	COST	FAIR VALUE	COST
Cash and Cash Equivalents	\$ 74,747	\$ 74,747	\$ 88,558	\$ 88,558
Mutual Funds - Equities	1,794,688	1,058,589	1,325,675	1,059,071
Mutual Funds - Fixed Income	796,525	793,589	710,776	714,591
	<u>\$ 2,665,960</u>	<u>\$ 1,926,925</u>	<u>\$ 2,125,009</u>	<u>\$ 1,862,220</u>

Net investment income for the years ended June 30 consist of the following:

	2021	2020
Unrealized Gain	\$ 478,064	\$ 8,754
Investment Income	84,639	78,614
	<u>\$ 562,703</u>	<u>\$ 87,368</u>

4. FAIR VALUE MEASUREMENT

UWLC measures certain financial assets and liabilities at fair value on a recurring basis. Fair value is a market-based measurement that should be determined based on the assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, UWLC uses a three-level hierarchy established by the FASB that prioritizes fair value measurements based on the types of inputs used for the various valuation techniques (market approach, income approach and cost approach).

UWLC's assessment requires judgment and considers factors specific to the asset or liability. Financial assets and liabilities are classified in their entirety based on the most stringent level of input that is significant to the fair value measurement.

The following table presents information about UWLC's financial assets and liabilities measured at fair value on a recurring basis as of June 30, based on the level of input utilized to measure fair value.

	2021			
	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 74,747	\$ -	\$ -	\$ 74,747
Mutual Funds - Equities	1,794,688	-	-	1,794,688
Mutual Funds - Fixed Income	796,525	-	-	796,525
	<u>\$ 2,665,960</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,665,960</u>
	2020			
	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 88,558	\$ -	\$ -	\$ 88,558
Mutual Funds - Equities	1,325,675	-	-	1,325,675
Mutual Funds - Fixed Income	710,776	-	-	710,776
	<u>\$ 2,125,009</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,125,009</u>

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 and 2020

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2021	2020
Land and Improvements	\$ 200,500	\$ 200,500
Building and Improvements	880,263	880,263
Office Furniture and Equipment	77,850	77,850
	<u>1,158,613</u>	<u>1,158,613</u>
Accumulated Depreciation	<u>(745,035)</u>	<u>(720,891)</u>
	<u>\$ 413,578</u>	<u>\$ 437,722</u>

6. REFUNDABLE ADVANCE - PPP

In April 2020, UWLC received proceeds in the amount of \$86,600 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides qualifying businesses amounts up to 2.5 times of their average monthly payroll expenses. UWLC accounted for this grant as a conditional contribution under FASB ASC 958-605 and therefore reflected the proceeds as a refundable advance on the statement of financial position at June 30, 2020. In 2021, UWLC incurred qualifying expenditures that derecognized whereby the liability was recognized as grant revenue.

In January 2021, UWLC received additional CARES Act proceeds in the amount of \$89,465. Under accounting principles described above, the amount is reflected as a refundable advance on the statement of financial position at June 30, 2021.

7. LINE OF CREDIT

UWLC maintains a revolving line of credit at its bank in the amount of \$500,000. The line bears interest at the bank's prime rate (3.25% at June 30, 2021) and is secured by UWLC's invested assets at the bank. The line is renewable on April 5, 2022. There were no amounts outstanding on the line as of June 30, 2021 and 2020.

8. BOARD-DESIGNATED RESERVE

In October 2020, the Court of Common Pleas Probate Division of Lake County ordered the removal of the restriction on the use of the funds received from a donor for a building facility and capital purposes ("Building Fund"). Accordingly, the amount of \$412,710 was released from net assets with donor restrictions as reflected on the 2021 statement of activities.

In June 2021, the Board resolved to create a "Board-Designated Operating Reserve Fund" ("the Reserve Fund") with the balance previously existing in the donor-restricted Building Fund. The Reserve Fund is considered to be a non-endowment type fund.

Changes in the Reserve Fund are as follows:

Board-Designated Net Assets - July 1, 2020	-
Board Designation of Net Assets	412,710
Investment Return:	
Realized Investment Income, Net	18,750
Unrealized Gain	<u>103,534</u>
	122,284
Fund Expenditures	<u>(17,238)</u>
Board-Designated Net Assets - June 30, 2021	<u>\$ 517,756</u>

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 and 2020

9. NET ASSETS WITH DONOR RESTRICTIONS

At June 30, net assets with donor restrictions were as follows:

	2021			
	BEGINNING NET ASSETS WITH DONOR RESTRICTIONS	CONTRIBUTIONS/ INCOME	NET ASSETS RELEASED FROM RESTRICTION	ENDING NET ASSETS WITH DONOR RESTRICTIONS
Building Fund	\$ 412,710	\$ -	\$ (412,710)	\$ -
Women United Directed	46,667	42,395	(56,472)	32,590
Emerging Leaders Directed	12,859	32,559	(24,204)	21,214
Feed Lake County	69,948	108,750	(102,950)	75,748
Lake County Relief Fund	96,630	8,754	(84,012)	21,372
	<u>\$ 638,814</u>	<u>\$ 192,458</u>	<u>\$ (680,348)</u>	<u>\$ 150,924</u>
	2020			
	BEGINNING NET ASSETS WITH DONOR RESTRICTIONS	CONTRIBUTIONS/ INCOME	NET ASSETS RELEASED FROM RESTRICTION	ENDING NET ASSETS WITH DONOR RESTRICTIONS
Building Fund	\$ 437,741	\$ 8,676	\$ (33,707)	\$ 412,710
Women United Directed	48,113	57,460	(58,906)	46,667
Emerging Leaders Directed	28,758	25,265	(41,164)	12,859
Feed Lake County	58,512	73,245	(61,809)	69,948
Lake County Relief Fund	-	134,287	(37,657)	96,630
	<u>\$ 573,124</u>	<u>\$ 298,933</u>	<u>\$ (233,243)</u>	<u>\$ 638,814</u>

10. CAMPAIGN REVENUE

Gross revenues earned by campaign year are as follows:

Campaign Year:	2021	2020
2021	\$ 71,081	\$ -
2020	1,552,507	41,683
2019	12,965	2,213,934
Prior Periods	-	15,540
	<u>\$ 1,636,553</u>	<u>\$ 2,271,157</u>

11. LEASE INCOME

UWLC leases the use of a room to an area nonprofit. Rental income is reported as earned over the term of the operating lease. Future minimum rental income under these leases amounts to \$12,000 in 2022. Rental income amounted to \$12,000 in each of the years 2021 and 2020.

12. OPERATING LEASE COMMITMENTS

UWLC leases certain office equipment under an operating lease. Minimum future lease payments required under the remaining lease is \$7,282 in 2022.

Rent expense under all leases was approximately \$13,000 in 2021 and 2020.

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 and 2020

13. RETIREMENT PLAN

UWLC has a 401(k) defined contribution retirement plan. UWLC's contribution to the plan was approximately \$18,000 (2021) and \$16,000 (2020).

14. RISKS AND CONTINGENCIES

The spread of coronavirus (COVID-19) around the world through the date of these financial statements has caused significant volatility in the U.S. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well its impact on local and U.S. economies and, as such, UWLC is unable to determine if it will have material impact on its operations.

15. AVAILABILITY AND LIQUIDITY

The following represents UWLC's financial assets available to meet general expenditures over the next twelve months:

	2021	2020
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 400,503	\$ 601,063
Pledges Receivable, Net	412,471	548,408
Investments	2,665,960	2,125,009
Total Financial Assets	3,478,934	3,274,480
Less Amounts not Available to be Used Within One Year:		
Net Assets with Donor Restrictions - Cash	(150,924)	(226,104)
Net Assets with Donor Restrictions - Investments	-	(412,710)
Designated by the Board for Allocations/Designations	(784,222)	(1,126,647)
	(935,146)	(1,765,461)
Financial Assets Available to meet General Expenditures Over the Next Twelve Months	\$ 2,543,788	\$ 1,509,019

As part of UWLC's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, future planned program funding allocations and other obligations come due. To help manage unanticipated liquidity needs, UWLC has a committed line of credit of \$500,000, which it could draw upon. Additionally, there is a fund established by the governing board that may be drawn upon the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

16. SUBSEQUENT EVENTS

In August 2021, the refundable advance (PPP) conditional contribution of \$89,465 was recognized as grant revenue.

In preparing these financial statements, UWLC has evaluated events and transactions for potential recognition or disclosure through _____, 2021, the date the financial statements were available to be issued.

UNITED WAY OF LAKE COUNTY, INC.

SCHEDULES OF FUNDS AWARDED TO MEMBER AGENCIES AND OTHERS

FOR THE YEARS ENDED JUNE 30

	Core Allocation	Emerging Leaders- Directed	Women United- Directed	Lake County Relief Fund	Other	2021	2020
Auburn Career Center	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,341
Birthingright Lake, Inc.	2,000	-	8,000	-	-	10,000	14,171
Camp Sue Osborn	-	-	-	-	-	-	19,300
Catholic Charities Corporation	25,000	-	-	-	-	25,000	24,731
Cleveland Rape Crisis Center	13,000	-	8,000	-	-	21,000	31,300
Crossroads Health	64,020	-	-	-	-	64,020	125,200
Ecumenical Shelter Network of Lake County	60,000	-	8,000	-	-	68,000	74,700
Fair Housing Resource Center	-	-	-	15,000	-	15,000	-
Fine Arts Association	4,000	-	4,400	10,000	-	18,400	7,350
Forbes House	75,000	-	8,000	-	1,500	84,500	84,800
Hospice of the Western Reserve, Inc.	20,000	-	-	-	263	20,263	25,500
Kidney Foundation of Ohio, Lake County Chapter	25,000	-	-	-	-	25,000	24,650
Lake County Black Lives Matter	-	-	-	-	10,000	10,000	-
Lake County Captains Charities	-	4,000	-	-	-	4,000	4,000
Lake County Council on Aging	40,000	-	-	-	-	40,000	68,000
Lake County Free Clinic	105,000	-	-	-	-	105,000	156,276
Lake County Hospital Foundation	-	-	-	-	-	-	14,834
Lake County YMCA	59,500	-	8,000	-	-	67,500	86,631
Lake Health District Fund	10,000	-	-	-	-	10,000	13,140
Lake-Geauga Recovery Center, Inc.	23,000	-	4,400	1,000	-	28,400	37,569
Lifeline, Inc.	12,000	16,000	-	25,000	-	53,000	26,618
Mentor Public Library	-	-	-	-	-	-	24,465
NAMI Lake County	26,000	-	-	-	-	26,000	34,200
Salvation Army Citadel	64,480	-	-	-	-	64,480	93,400
Salvation Army Service Units	15,000	-	-	-	-	15,000	19,200
Starting Point	15,000	-	-	-	-	15,000	21,987
Torchlight Youth Mentoring Alliance	12,000	-	-	-	-	12,000	33,394
Vineyard Community Church	-	-	-	3,000	-	3,000	-
Western Reserve CDC - New Directions for Living	-	-	-	-	-	-	23,040
Wickliffe City School District	10,000	-	-	-	-	10,000	17,000
Total Agency Allocations	680,000	20,000	48,800	54,000	11,763	814,563	1,124,797
Allocations and Grants to Non-Agency Entities	-	-	-	-	-	-	22,497
Returned Grant	-	-	-	-	-	-	(4,000)
Total Other	-	-	-	-	-	-	18,497
Total Awarded Funds	\$ 680,000	\$ 20,000	\$ 48,800	\$ 54,000	\$ 11,763	\$ 814,563	\$ 1,143,294