



**United Way
of Lake County**

**AUDITED
FINANCIAL STATEMENTS**

JUNE 30, 2019 AND 2018

UNITED WAY OF LAKE COUNTY, INC.

INDEX

JUNE 30, 2019 AND 2018

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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, 2019, 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, 2019 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 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 8, 2018. In our opinion, the accompanying summarized comparative information presented herein as of and for the year ended June 30, 2018, 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
October 17, 2019

H.J.
Certified Public Accountants

UNITED WAY OF LAKE COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets		
Cash & Cash Equivalents	\$ 219,460	\$ 219,087
Pledges Receivable	670,105	719,673
(Less Allowance for Uncollectible Pledges)	(80,000)	(80,000)
Prepaid Expenses and Other	8,760	7,485
	<u>818,325</u>	<u>866,245</u>
Property and Equipment, Net	450,616	464,586
Other Assets		
Cash Surrender Value of Life Insurance	27,099	26,374
Investments	2,075,391	2,004,651
	<u>2,102,490</u>	<u>2,031,025</u>
TOTAL ASSETS	<u><u>\$ 3,371,431</u></u>	<u><u>\$ 3,361,856</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Allocations Payable	\$ 1,000,000	\$ 1,104,009
Designations Payable	38,536	36,529
Accounts Payable	20,559	30,511
Other Payables	1,346	1,505
Accrued Expenses	16,229	17,604
	<u>1,076,670</u>	<u>1,190,158</u>
NET ASSETS		
Without Donor Restrictions	1,721,637	1,582,287
With Donor Restrictions	573,124	589,411
	<u>2,294,761</u>	<u>2,171,698</u>
TOTAL NET ASSETS	<u>2,294,761</u>	<u>2,171,698</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,371,431</u></u>	<u><u>\$ 3,361,856</u></u>

See accompanying notes.

UNITED WAY OF LAKE COUNTY, INC.

STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2019	2018
PUBLIC SUPPORT AND REVENUE				
Gross Campaign Results	\$ 1,940,991	\$ 121,874	\$ 2,062,865	\$ 2,105,455
Less Donor Designations	(166,351)	-	(166,351)	(164,816)
Less Allowance for Uncollectible Pledges	(65,891)	-	(65,891)	(55,944)
Net Campaign Revenue	1,708,749	121,874	1,830,623	1,884,695
Gifts In-Kind	174,047	-	174,047	160,899
Other Income	7,597	-	7,597	1,320
Grant	-	10,764	10,764	37,780
Bequest	-	-	-	24,579
Net Assets Released from Restrictions	169,033	(169,033)	-	-
 TOTAL PUBLIC SUPPORT AND REVENUE	 2,059,426	 (36,395)	 2,023,031	 2,109,273
EXPENSES				
Program Services:				
Gross Funds Awarded/Distributed	1,228,005	-	1,228,005	1,329,893
Less Donor Designations	(166,351)	-	(166,351)	(164,816)
Net Funds Awarded/Distributed	1,061,654	-	1,061,654	1,165,077
 Community Impact	 466,628	 -	 466,628	 491,647
Allocations & Agency Relations	96,470	-	96,470	100,461
Total Program Services	1,624,752	-	1,624,752	1,757,185
Supporting Services:				
Management & General	147,109	-	147,109	157,506
Resource Development	231,548	-	231,548	268,543
Total Supporting Services	378,657	-	378,657	426,049
 TOTAL EXPENSES	 2,003,409	 -	 2,003,409	 2,183,234
 Increase (Decrease) in Net Assets as a Result of Operations	 56,017	 (36,395)	 19,622	 (73,961)
NON-OPERATING ACTIVITIES				
Unrealized Gain (Loss) on Investments	(5,289)	(5,084)	(10,373)	36,000
Investment Income	88,622	25,192	113,814	118,343
	<u>83,333</u>	<u>20,108</u>	<u>103,441</u>	<u>154,343</u>
 CHANGE IN NET ASSETS	 139,350	 (16,287)	 123,063	 80,382
 NET ASSETS – BEGINNING	 <u>1,582,287</u>	 <u>589,411</u>	 <u>2,171,698</u>	 <u>2,091,316</u>
 NET ASSETS – ENDING	 <u>\$ 1,721,637</u>	 <u>\$ 573,124</u>	 <u>\$ 2,294,761</u>	 <u>\$ 2,171,698</u>

See accompanying notes.

UNITED WAY OF LAKE COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

	DIRECT COMMUNITY SERVICE PROGRAMS			SUPPORTING SERVICES			TOTAL	
	COMMUNITY IMPACT	ALLOCATIONS & AGENCY RELATIONS	TOTAL	MANAGEMENT & GENERAL	RESOURCE DEVELOPMENT	TOTAL	2019	2018
EXPENSES								
Salaries	\$ 134,790	\$ 62,602	\$ 197,392	\$ 75,009	\$ 115,711	\$ 190,720	\$ 388,112	\$ 463,277
Employee Benefits	20,661	9,596	30,257	11,497	17,736	29,233	59,490	82,938
Payroll Taxes	10,341	4,803	15,144	5,755	8,878	14,633	29,777	35,662
Total Personnel Cost	165,792	77,001	242,793	92,261	142,325	234,586	477,379	581,877
Gifts In-Kind	169,931	-	169,931	-	4,116	4,116	174,047	160,899
Food	55,417	-	55,417	-	-	-	55,417	53,511
Professional & Contract Service Fees	7,768	3,308	11,076	15,851	6,760	22,611	33,687	32,114
Meetings & Awards	11,449	-	11,449	-	22,043	22,043	33,492	33,749
Media	5,259	-	5,259	-	23,228	23,228	28,487	18,198
Occupancy	12,696	3,312	16,008	7,728	3,864	11,592	27,600	27,639
Miscellaneous	5,870	2,302	8,172	15,133	4,254	19,387	27,559	29,626
Depreciation	10,609	2,768	13,377	6,458	3,229	9,687	23,064	22,412
United Way Worldwide Membership Dues	7,258	3,371	10,629	4,039	6,231	10,270	20,899	21,003
Telephone/Email	3,501	1,626	5,127	1,948	3,005	4,953	10,080	13,248
Insurance	2,669	1,240	3,909	1,485	2,291	3,776	7,685	7,384
Travel & Conferences	2,507	1,165	3,672	1,395	2,152	3,547	7,219	7,088
Advertising	2,713	-	2,713	-	4,070	4,070	6,783	3,407
Postage	1,140	-	1,140	137	3,283	3,420	4,560	2,565
Supplies	812	377	1,189	452	697	1,149	2,338	2,062
Dues & Subscriptions	1,237	-	1,237	222	-	222	1,459	1,375
Subtotal	\$ 466,628	\$ 96,470	563,098	\$ 147,109	\$ 231,548	378,657	941,755	1,018,157
Allocations/Awards			1,061,654			-	1,061,654	1,165,077
Total			\$ 1,624,752			\$ 378,657	\$ 2,003,409	\$ 2,183,234

See accompanying notes.

UNITED WAY OF LAKE COUNTY, INC.

STATEMENTS OF CASH FLOWS

YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2018)

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 123,063	\$ 80,382
Adjustments to Reconcile Change in Net Assets to Cash Provided by (Used by) Operating Activities:		
Depreciation	23,064	22,412
Net Unrealized Loss (Gain) on Investments	10,373	(36,000)
Decrease in Allowance for Uncollectible Pledges	-	(10,000)
Decrease (Increase) in Operating Assets:		
Pledges Receivable	49,568	93,739
Prepaid Expenses and Other	(1,275)	2
Increase (Decrease) in Operating Liabilities:		
Allocations Payable	(104,009)	(95,991)
Designations Payable	2,007	(1,875)
Accounts Payable	(9,952)	15,819
Other Payables	(159)	(1,208)
Accrued Expenses	<u>(1,375)</u>	<u>(5,475)</u>
Cash Provided by Operating Activities	91,305	61,805
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	(9,094)	-
Increase in CSV of Life Insurance	(725)	(734)
Net Purchase of Investments	<u>(81,113)</u>	<u>(106,960)</u>
Cash Used by Investing Activities	<u>(90,932)</u>	<u>(107,694)</u>
Net Increase (Decrease) in Cash	373	(45,889)
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	<u>219,087</u>	<u>264,976</u>
CASH AND EQUIVALENTS AT END OF YEAR	<u>\$ 219,460</u>	<u>\$ 219,087</u>

See accompanying notes.

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 and 2018

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. The web address of UWLC is www.uwlc.org.

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. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2017, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-For-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Under provisions of the Guide, net assets and revenues, and gains and losses are classified based 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. UWLC's 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.

PRIOR-PERIOD INFORMATION

The financial statements include certain prior-year summarized comparative information in total. 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 amounts should be read in conjunction with UWLC's financial statements for the year ended June 30, 2018, from which the summarized comparative total amounts were derived.

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.

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, 2019 and 2018

FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair value amounts for specific groups of financial instruments are presented within the notes applicable to such items. Cash and cash equivalents, accounts/pledges receivable, and accounts payable are stated at cost, which approximates fair value, due to their short term maturity.

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.

CASH AND CASH EQUIVALENTS

UWLC considers all highly liquid debt instruments purchased with an original maturity of three months or less (excluding those held in brokerage accounts designated for long-term investment) to be cash equivalents. Because of the short maturity of these financial instruments, the carrying value approximates the fair value.

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, 2019 and 2018 was \$80,000. 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.

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 and 2018

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, 2019 and 2018.

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.

RECOGNITION OF CONTRIBUTION REVENUE

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of 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 statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Contributions received are recorded as unrestricted, temporarily restricted, and permanently restricted support

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the net present value of their estimated future cash flows. The discounts on those amounts are computed using the risk-free interest rates applicable for the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are included as support once the conditions are substantially met.

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.

DONATED SERVICES AND MATERIAL

Donated services that are recognized in the financial statements either (a) create or enhance non-financial assets or (b) require specialized skills, provided by entities or persons possessing those skills that would be purchased if not donated. 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.

Contributed food in the amount of \$146,678 and \$133,750 was recognized as program expense in 2019 and 2018, respectively and is reflected on the statement of functional expenses.

UWLC received donated program materials, advertising and printing in the amount of \$27,369 (2019) and \$26,469 (2018).

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 and 2018

FUNCTIONAL EXPENSES

Expenses are charged to the direct program services and supporting program services on the basis of actual time and expense and on estimates made by UWLC's management. This allocation of expenses has been summarized in the statement of activities and in the statement of functional expenses. All expenses of UWLC have been allocated on this basis.

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 \$16,049 and \$21,065 for the years ended June 30, 2019 and 2018, respectively.

ADVERTISING

Advertising is expensed as incurred. Advertising expense, including in-kind, amounted to \$20,787 (2019) and \$22,458 (2018).

UNITED WAY WORLWIDE 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 \$20,899 and \$21,003 for the years ended June 30, 2019 and 2018, 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 2019 or 2018. No tax accrual for uncertain tax positions was recorded as management believes there are no uncertain tax positions.

ACCOUNTING GUIDANCE ADOPTED IN 2019

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. UWLC has adjusted the presentation of the financial statements and footnotes accordingly. The ASU has been applied retrospectively to all periods presented.

ACCOUNTING GUIDANCE PENDING ADOPTION

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance, and requires significantly expanded disclosures about revenue recognition. The core principle of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU, as deferred one year by ASU No. 2016-04, is effective for annual reporting periods beginning after December 15, 2018. UWLC is currently evaluating the impact on the financial statements and the options of adopting using either a full retrospective or a modified approach.

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 and 2018

In February 2016, the FASB issued ASU 2016-02, *Leases*. This ASU requires lessees to recognize assets and liabilities on the balance sheet for leases with lease terms greater than twelve months. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. This amends current guidance that requires only capital leases to be recognized on the lessee balance sheet. ASU 2016-02 will also require additional disclosures on the amount, timing and uncertainty of cash flows arising from leases. The guidance is effective for UWLC for reporting periods beginning after December 15, 2019 with early adoption permitted. UWLC is currently evaluating the impact that ASU 2016-02 will have on its financial statements and will adopt the provisions upon the effective date.

RECLASSIFICATIONS

Certain amounts for 2018 have been reclassified to conform to the 2019 presentation.

3. INVESTMENTS

Investments, all classified as Level 1 in the fair value hierarchy, are composed of the following at June 30:

	2019		2018	
	FAIR VALUE	COST	FAIR VALUE	COST
Cash and Cash Equivalents	\$ 157,671	\$ 157,671	\$ 81,376	\$ 81,376
Mutual Funds - Equities	1,278,928	997,358	1,315,277	1,007,540
Mutual Funds - Fixed Income	638,792	660,302	607,998	645,211
	<u>\$ 2,075,391</u>	<u>\$ 1,815,331</u>	<u>\$ 2,004,651</u>	<u>\$ 1,734,127</u>

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2019	2018
Land & Improvements	\$ 200,500	\$ 200,500
Building & Improvements	869,463	869,463
Office Furniture & Equipment	77,850	75,756
	<u>1,147,813</u>	<u>1,145,719</u>
Accumulated Depreciation	<u>(697,197)</u>	<u>(681,133)</u>
	<u>\$ 450,616</u>	<u>\$ 464,586</u>

Depreciation expense for the period was \$23,064 (2019) and \$22,412 (2018).

5. 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 (5.50% at June 30, 2019) and is secured by UWLC's invested assets at the bank. The line is renewable on April 15, 2020. There were no amounts outstanding on the line as of June 30, 2019 and 2018.

6. CAMPAIGN REVENUE

Gross revenues earned by campaign year are as follows:

	2019	2018
Campaign Year:		
2019	\$ 47,217	\$ -
2018	1,980,485	51,219
2017	35,163	2,022,768
Prior Periods	-	31,468
	<u>\$ 2,062,865</u>	<u>\$ 2,105,455</u>

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 and 2018

7. FUNCTIONAL CATEGORIES

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.

8. OPERATING LEASE COMMITMENTS

UWLC leases certain office equipment under an operating lease. Minimum future lease payments required under the remaining lease are \$10,923 annually through 2021 and \$7,282 in 2019.

Rent expense under all leases was approximately \$13,000 in 2019 and 2018.

9. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>Restriction</u>	<u>2019</u>	<u>2018</u>
Capital Improvements	Purpose	\$ 437,740	\$ 446,176
Program and Outreach	Purpose	<u>135,384</u>	<u>143,235</u>
		<u>\$ 573,124</u>	<u>\$ 589,411</u>

10. AVAILABILITY AND LIQUIDITY

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

Financial Assets at Year-End:		
Cash & Cash Equivalents		\$ 219,460
Pledges Receivable, Net		750,105
Investments		<u>2,075,391</u>
	Total Financial Assets	3,044,956
Less Amounts not Available to be Used Within One Year:		
Net Assets with Donor Restrictions - Cash		(135,384)
Net Assets with Donor Restrictions - Investments		(437,740)
Designated by the Board for 2020 Allocations/Designations		<u>(1,038,536)</u>
		<u>(1,611,660)</u>
Financial Assets Available to meet General Expenditures		
Over the Next Twelve Months		<u>\$ 1,433,296</u>

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. There was no outstanding balance on the line as of June 30, 2019.

Additionally, the Organization has Board Designated net assets without donor restrictions that, while the Organization does not intend to spend for these purposes other than those identified, the amounts could be made available for current operations, if necessary.

11. SUBSEQUENT EVENTS

In preparing these financial statements, UWLC has evaluated events and transactions for potential recognition or disclosure through October 17, 2019, 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

	<u>2019</u>	<u>2018</u>
ALLOCATIONS		
Birthright Lake, Inc.	\$ 7,200	\$ 12,000
Camp Sue Osborn	29,777	29,777
Catholic Charities Corporation	29,190	35,906
Crossroads/Beacon Health	95,200	75,000
Ecumenical Shelter Network of Lake County	71,500	65,000
Fine Arts Association	15,000	20,995
Forbes House	82,865	75,332
Hospice of the Western Reserve, Inc.	26,600	35,000
Just Run Lake County/DAWN	6,300	14,000
Kidney Foundation of Ohio, Lake County Chapter	21,294	24,600
Lake Academy	5,000	5,200
Lake County Captains Charities	4,000	4,000
Lake County Community Network	24,000	24,000
Lake County Council on Aging	68,500	68,500
Lake County Free Clinic	114,600	126,017
Lake County YMCA	64,024	26,000
Lake-Geauga Furniture Bank	4,000	4,000
Lake Health District Fund	10,350	13,000
Lake-Geauga Recovery Center, Inc.	78,558	104,588
Legal Aid Society	10,000	10,000
Lifeline, Inc.	91,655	126,673
Salvation Army Citadel	59,241	66,818
Salvation Army Service Units	11,817	23,633
Starting Point	14,500	22,500
Torchlight Youth Mentoring Alliance	30,000	56,000
Western Reserve CDC - New Directions for Living	<u>24,829</u>	<u>35,470</u>
Total Allocations	1,000,000	1,104,009
GRANTS		
Women's Leadership	30,095	29,048
Emerging Leaders	16,468	15,755
Other	<u>16,341</u>	<u>16,265</u>
Total Grants	<u>62,904</u>	<u>61,068</u>
Total Awarded Funds	<u>\$ 1,062,904</u>	<u>\$ 1,165,077</u>