



**United Way
of Lake County**

**AUDITED
FINANCIAL STATEMENTS**

JUNE 30, 2020 AND 2019

UNITED WAY OF LAKE COUNTY, INC.

INDEX

JUNE 30, 2020 AND 2019

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	1
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF FUNCTIONAL EXPENSES.....	5
STATEMENTS OF CASH FLOWS.....	6
NOTES TO THE FINANCIAL STATEMENTS	7
SCHEDULES OF FUNDS AWARDED TO MEMBER AGENCIES AND OTHERS	14

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, 2020, 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, 2020 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 8, 2019. In our opinion, the accompanying summarized comparative information presented herein as of and for the year ended June 30, 2019, 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
November 19, 2020

H.J.
Certified Public Accountants

UNITED WAY OF LAKE COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019)

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash & Cash Equivalents	\$ 601,063	\$ 219,460
Pledges Receivable	638,408	670,105
(Less Allowance for Uncollectible Pledges)	(90,000)	(80,000)
Prepaid Expenses and Other	6,754	8,760
	<u>1,156,225</u>	<u>818,325</u>
Property and Equipment, Net	437,722	450,616
Other Assets		
Cash Surrender Value of Life Insurance	27,839	27,099
Investments	2,125,009	2,075,391
	<u>2,152,848</u>	<u>2,102,490</u>
 TOTAL ASSETS	 <u>\$ 3,746,795</u>	 <u>\$ 3,371,431</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Allocations Payable	\$ 1,070,001	\$ 1,000,000
Designations Payable	56,646	38,536
Accounts Payable	448	20,559
Other Payables	9,645	1,346
Accrued Expenses	21,532	16,229
Refundable Advance	86,600	-
	<u>1,244,872</u>	<u>1,076,670</u>
NET ASSETS		
Without Donor Restrictions	1,863,109	1,721,637
With Donor Restrictions	638,814	573,124
	<u>2,501,923</u>	<u>2,294,761</u>
TOTAL NET ASSETS	<u>2,501,923</u>	<u>2,294,761</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 3,746,795</u>	 <u>\$ 3,371,431</u>

See accompanying notes.

UNITED WAY OF LAKE COUNTY, INC.

STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2020	2019
PUBLIC SUPPORT AND REVENUE				
Gross Campaign Results	\$ 2,054,145	\$ 217,012	\$ 2,271,157	\$ 2,062,865
Less Donor Designations	(253,004)	-	(253,004)	(166,351)
Less Allowance for Uncollectible Pledges	(66,792)	-	(66,792)	(65,891)
Net Campaign Revenue	1,734,349	217,012	1,951,361	1,830,623
Gifts In-Kind	51,059	48,830	99,889	174,047
Other Income	13,253	-	13,253	7,597
Rental Income	12,000	-	12,000	-
Grant	-	24,415	24,415	10,764
Net Assets Released from Restrictions	233,243	(233,243)	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	2,043,904	57,014	2,100,918	2,023,031
EXPENSES				
Program Services:				
Gross Funds Awarded/Distributed	1,396,298	-	1,396,298	1,228,005
Less Donor Designations	(253,004)	-	(253,004)	(166,351)
Net Funds Awarded/Distributed	1,143,294	-	1,143,294	1,061,654
Community Impact	389,626	-	389,626	466,628
Allocations & Agency Relations	90,561	-	90,561	96,470
Total Program Services	1,623,481	-	1,623,481	1,624,752
Supporting Services:				
Management & General	116,735	-	116,735	147,109
Resource Development	240,908	-	240,908	231,548
Total Supporting Services	357,643	-	357,643	378,657
TOTAL EXPENSES	1,981,124	-	1,981,124	2,003,409
Increase (Decrease) in Net Assets as a Result of Operations	62,780	57,014	119,794	19,622
NON-OPERATING ACTIVITIES				
Unrealized Gain (Loss) on Investments	18,613	(9,859)	8,754	(10,373)
Investment Income	60,079	18,535	78,614	113,814
	78,692	8,676	87,368	103,441
CHANGE IN NET ASSETS	141,472	65,690	207,162	123,063
NET ASSETS – BEGINNING	1,721,637	573,124	2,294,761	2,171,698
NET ASSETS – ENDING	<u>\$ 1,863,109</u>	<u>\$ 638,814</u>	<u>\$ 2,501,923</u>	<u>\$ 2,294,761</u>

See accompanying notes.

UNITED WAY OF LAKE COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

EXPENSES	DIRECT COMMUNITY SERVICE PROGRAMS			SUPPORTING SERVICES			TOTAL	
	ALLOCATIONS			MANAGEMENT & GENERAL	RESOURCE DEVELOPMENT	TOTAL	2020	2019
	COMMUNITY IMPACT	& AGENCY RELATIONS	TOTAL					
Salaries	\$ 145,087	\$ 57,764	\$ 202,851	\$ 58,798	\$ 118,544	\$ 177,342	\$ 380,193	\$ 388,112
Employee Benefits	21,580	8,592	30,172	8,746	17,632	26,378	56,550	59,490
Payroll Taxes	10,719	4,268	14,987	4,344	8,758	13,102	28,089	29,777
Total Personnel Cost	177,386	70,624	248,010	71,888	144,934	216,822	464,832	477,379
Gifts In-Kind	68,066	-	68,066	-	31,823	31,823	99,889	174,047
Food	52,576	-	52,576	-	-	-	52,576	55,417
Professional & Contract Service Fees	10,886	4,015	14,901	19,416	9,041	28,457	43,358	33,687
Meetings & Awards	9,108	-	9,108	-	11,747	11,747	20,855	33,492
Media	6,453	-	6,453	-	12,202	12,202	18,655	28,487
Occupancy	13,877	3,620	17,497	8,447	4,223	12,670	30,167	27,600
Miscellaneous	18,162	2,232	20,394	2,673	4,581	7,254	27,648	27,559
Depreciation	11,242	2,768	14,010	6,458	3,229	9,687	23,697	23,064
United Way Worldwide Membership Dues	7,754	3,087	10,841	3,143	6,336	9,479	20,320	20,899
Telephone/Email	4,268	1,699	5,967	1,730	3,488	5,218	11,185	10,080
Insurance	2,905	1,157	4,062	1,177	2,373	3,550	7,612	7,685
Travel & Conferences	2,736	1,089	3,825	1,109	2,235	3,344	7,169	7,219
Advertising	1,832	-	1,832	-	1,832	1,832	3,664	6,783
Postage	592	-	592	59	2,310	2,369	2,961	4,560
Supplies	678	270	948	275	554	829	1,777	2,338
Dues & Subscriptions	1,105	-	1,105	360	-	360	1,465	1,459
Subtotal	\$ 389,626	\$ 90,561	480,187	\$ 116,735	\$ 240,908	357,643	837,830	941,755
Allocations/Awards			1,143,294			-	1,143,294	1,061,654
Total			\$ 1,623,481			\$ 357,643	\$ 1,981,124	\$ 2,003,409

See accompanying notes.

UNITED WAY OF LAKE COUNTY, INC.

STATEMENTS OF CASH FLOWS

YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 207,162	\$ 123,063
Adjustments to Reconcile Change in Net Assets to Cash Provided by (Used by) Operating Activities:		
Depreciation	23,694	23,064
Net Unrealized Loss (Gain) on Investments	(8,754)	10,373
Increase in Allowance for Uncollectible Pledges	10,000	-
Decrease (Increase) in Operating Assets:		
Pledges Receivable	31,697	49,568
Prepaid Expenses and Other	2,006	(1,275)
Increase (Decrease) in Operating Liabilities:		
Allocations Payable	70,001	(104,009)
Designations Payable	18,110	2,007
Accounts Payable	(20,111)	(9,952)
Other Payables	8,299	(159)
Accrued Expenses	5,303	(1,375)
Refundable Advance - PPP	86,600	-
Cash Provided by Operating Activities	<u>434,007</u>	<u>91,305</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	(10,800)	(9,094)
Increase in CSV of Life Insurance	(740)	(725)
Net Purchase of Investments	<u>(40,864)</u>	<u>(81,113)</u>
Cash Used by Investing Activities	<u>(52,404)</u>	<u>(90,932)</u>
Net Increase in Cash and Cash Equivalents	381,603	373
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	<u>219,460</u>	<u>219,087</u>
CASH AND EQUIVALENTS AT END OF YEAR	<u>\$ 601,063</u>	<u>\$ 219,460</u>

See accompanying notes.

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 and 2019

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, 2019, 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, 2020 and 2019

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, 2020 and 2019 was \$90,000 and \$80,000, 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, 2020 and 2019.

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 and 2019

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 \$50,301 and \$146,678 was recognized as program expense in 2020 and 2019, respectively and is reflected on the statement of functional expenses. UWLC received donated program materials, advertising and printing in the amount of \$49,588 (2020) and \$27,369 (2019).

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.

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 and 2019

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 \$15,969 and \$16,049 for the years ended June 30, 2020 and 2019, 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 \$20,320 and \$20,899 for the years ended June 30, 2020 and 2019, 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 2020 or 2019. No tax accrual for uncertain tax positions was recorded as management believes there are no uncertain tax positions.

ACCOUNTING GUIDANCE ADOPTED IN 2020

During 2020, UWLC adopted the Financial Accounting Standards Board's (FASB) ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU assists organizations in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

During 2020, UWLC adopted FASB's ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. This ASU amends the presentation of restricted cash and cash equivalents within the statement of cash flows. The new guidance requires that restricted cash and cash equivalents be added to cash and cash equivalents for purposes of the statements of cash flows. This ASU has been applied retrospectively to all periods presented. There were no material changes to the presentation of restricted cash and cash equivalents during 2020.

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 and 2019

ACCOUNTING GUIDANCE PENDING ADOPTION

In May 2014, the 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. In 2020, the FASB delayed the effective date for nonpublic entities to fiscal years beginning after December 15, 2019. UWLC is currently evaluating the impact on the financial statements and the options of adopting using either a full retrospective or a modified approach.

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. UWLC 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:

	2020		2019	
	FAIR VALUE	COST	FAIR VALUE	COST
Cash and Cash Equivalents	\$ 88,558	\$ 88,558	\$ 157,671	\$ 157,671
Mutual Funds - Equities	1,325,675	1,059,071	1,278,928	997,358
Mutual Funds - Fixed Income	710,776	714,591	638,792	660,302
	<u>\$ 2,125,009</u>	<u>\$ 1,862,220</u>	<u>\$ 2,075,391</u>	<u>\$ 1,815,331</u>

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

	2020	2019
Dividends and Interest	\$ 76,911	\$ 42,460
Unrealized Gain (Loss)	8,754	(10,373)
Realized Gain	1,703	71,354
	<u>\$ 87,368</u>	<u>\$ 103,441</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.

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 and 2019

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.

	2020			Total
	Level 1	Level 2	Level 3	
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>

	2019			Total
	Level 1	Level 2	Level 3	
Cash and Cash Equivalents	\$ 157,671	\$ -	\$ -	\$ 157,671
Mutual Funds - Equities	1,278,928	-	-	1,278,928
Mutual Funds - Fixed Income	638,792	-	-	638,792
	<u>\$ 2,075,391</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,075,391</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2020	2019
Land & Improvements	\$ 200,500	\$ 200,500
Building & Improvements	880,263	869,463
Office Furniture & Equipment	77,850	77,850
	<u>1,158,613</u>	<u>1,147,813</u>
Accumulated Depreciation	(720,891)	(697,197)
	<u>\$ 437,722</u>	<u>\$ 450,616</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 is accounting for this grant as a conditional contribution under FASB ASC 958-605 and therefore has reflected the proceeds as a refundable advance on the Statement of Financial Position. UWLC's management expects to incur qualifying expenditures that would derecognize the liability in 2021, when the liability would be recognized as contribution revenue.

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, 2020) and is secured by UWLC's invested assets at the bank. The line is renewable on April 15, 2021. There were no amounts outstanding on the line as of June 30, 2020 and 2019.

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 and 2019

8. NET ASSETS WITH DONOR RESTRICTIONS

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

	2020			
	BEGINNING NET ASSETS WITH DONOR RESTRICTIONS	CONTRIBUTIONS/ INCOME	NET ASSETS RELEASED FROM RESTRICTION	ENDING NET ASSETS WITH DONOR RESTRICTIONS
Building-Related	\$ 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>
	2019			
	BEGINNING NET ASSETS WITH DONOR RESTRICTIONS	CONTRIBUTIONS/ INCOME	NET ASSETS RELEASED FROM RESTRICTION	ENDING NET ASSETS WITH DONOR RESTRICTIONS
Building-Related	\$ 446,176	\$ 9,589	\$ (18,024)	\$ 437,741
Women United Directed	41,107	47,334	(40,328)	48,113
Emerging Leaders Directed	28,869	28,867	(28,978)	28,758
Feed Lake County	59,524	132,638	(133,650)	58,512
Literacy Program	13,735	-	(13,735)	-
	<u>\$ 589,411</u>	<u>\$ 218,428</u>	<u>\$ (234,715)</u>	<u>\$ 573,124</u>

9. CAMPAIGN REVENUE

Gross revenues earned by campaign year are as follows:

	2020	2019
Campaign Year:		
2020	\$ 41,683	\$ -
2019	2,213,934	47,217
2018	15,540	1,980,485
Prior Periods	-	35,163
	<u>\$ 2,271,157</u>	<u>\$ 2,062,865</u>

10. 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 each of the years 2021 and 2022. Rental income amounted to \$12,000 (2020) and \$-0- (2019).

11. OPERATING LEASE COMMITMENTS

UWLC leases certain office equipment under an operating lease. Minimum future lease payments required under the remaining lease are \$10,923 in 2021 and \$7,292 in 2022.

Rent expense under all leases was approximately \$13,000 in 2020 and 2019.

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 and 2019

12. RETIREMENT PLAN

UWLC has a 401(k) defined contribution retirement plan. UWLC's contribution to the plan was approximately \$31,000 (2020) and \$27,000 (2019).

13. 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.

14. AVAILABILITY AND LIQUIDITY

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

	<u>2020</u>	<u>2019</u>
Financial Assets at Year-End:		
Cash & Cash Equivalents	\$ 601,063	\$ 219,460
Pledges Receivable, Net	548,408	590,105
Investments	<u>2,125,009</u>	<u>2,075,391</u>
Total Financial Assets	3,274,480	2,884,956
Less Amounts not Available to be Used Within One Year:		
Net Assets with Donor Restrictions - Cash	(226,104)	(135,383)
Net Assets with Donor Restrictions - Investments	(412,710)	(437,741)
Designated by the Board for 2020 Allocations/Designations	<u>(1,126,647)</u>	<u>(1,038,536)</u>
	<u>(1,765,461)</u>	<u>(1,611,660)</u>
Financial Assets Available to meet General Expenditures Over the Next Twelve Months	<u>\$ 1,509,019</u>	<u>\$ 1,273,296</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, 2020.

15. SUBSEQUENT EVENTS

In preparing these financial statements, UWLC has evaluated events and transactions for potential recognition or disclosure through November 19, 2020, 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	2020	2019
Auburn Career Center	\$ 19,341	\$ -	\$ -	\$ -	\$ 19,341	\$ 1,900
Birtheright Lake, Inc.	9,671	1,500	3,000	-	14,171	7,800
Camp Sue Osborn	19,300	-	-	-	19,300	29,777
Catholic Charities Corporation	24,731	-	-	-	24,731	29,190
Cleveland Rape Crisis Center	20,000	1,300	10,000	-	31,300	1,300
Crossroads Health	125,200	-	-	-	125,200	95,450
Ecumenical Shelter Network of Lake County	64,000	-	-	10,700	74,700	75,211
Fine Arts Association	7,350	-	-	-	7,350	16,500
Forbes House	70,000	-	10,000	4,800	84,800	85,318
Hospice of the Western Reserve, Inc.	25,500	-	-	-	25,500	28,591
Just Run Lake County/DAWN	-	-	-	-	-	6,300
Kidney Foundation of Ohio, Lake County Chapter	24,650	-	-	-	24,650	21,294
Lake Academy	-	-	-	-	-	5,000
Lake County Captains Charities	4,000	-	-	-	4,000	4,000
Lake County Community Network	-	-	-	-	-	26,500
Lake County Council on Aging	68,000	-	-	-	68,000	68,500
Lake County Free Clinic	141,500	3,136	10,000	1,640	156,276	121,893
Lake County Hospital Foundation	14,834	-	-	-	14,834	-
Lake County YMCA	75,551	-	7,000	4,080	86,631	64,024
Lake Health District Fund	10,500	-	-	2,640	13,140	10,350
Lake-Geauga Furniture Bank	-	-	-	-	-	4,000
Lake-Geauga Recovery Center, Inc.	26,569	-	11,000	-	37,569	80,758
Legal Aid Society	-	-	-	-	-	10,000
Lifeline, Inc.	26,618	-	-	-	26,618	91,655
Mentor Public Library	9,465	15,000	-	-	24,465	-
NAMI Lake County	32,200	2,000	-	-	34,200	2,000
Salvation Army Citadel	81,400	-	-	12,000	93,400	64,016
Salvation Army Service Units	19,200	-	-	-	19,200	11,817
Starting Point	21,987	-	-	-	21,987	15,000
Torchlight Youth Mentoring Alliance	33,394	-	-	-	33,394	30,500
Western Reserve CDC - New Directions for Living	23,040	-	-	-	23,040	24,829
Wickliffe City School District	17,000	-	-	-	17,000	-
Total Agency Allocations	1,015,001	22,936	51,000	35,860	1,124,797	1,033,473
Allocations and Grants to Non-Agency Entities	-	-	-	-	22,497	28,181
Returned Grant	-	-	-	-	(4,000)	-
Total Other	-	-	-	-	18,497	28,181
Total Awarded Funds	\$ 1,015,001	\$ 22,936	\$ 51,000	\$ 35,860	\$ 1,143,294	\$ 1,061,654