



**United Way
of Lake County**

**AUDITED
FINANCIAL STATEMENTS**

JUNE 30, 2022 AND 2021

UNITED WAY OF LAKE COUNTY, INC.

INDEX

JUNE 30, 2022

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2021)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Lake County

Opinion

We have audited the accompanying financial statements of United Way of Lake County, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of Lake County and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Lake County's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United Way of Lake County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, on our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Lake County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited United Way of Lake County's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 18, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, 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
_____, 2022

H•J
Certified Public Accountants

UNITED WAY OF LAKE COUNTY, INC.
 STATEMENTS OF FINANCIAL POSITION
 AS OF JUNE 30, 2022
 (WITH SUMMARIZED COMPARATIVE TOTALS 2021)

	2022	2021
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 635,962	\$ 400,503
Pledges Receivable	477,807	492,471
(Less Allowance for Uncollectible Pledges)	(70,000)	(80,000)
Prepaid Expenses and Other	6,956	8,458
	1,050,725	821,432
Property and Equipment, Net	389,434	413,578
Other Assets		
Cash Surrender Value of Life Insurance	29,374	28,597
Investments	2,285,248	2,665,960
	2,314,622	2,694,557
TOTAL ASSETS	\$ 3,754,781	\$ 3,929,567
LIABILITIES AND NET ASSETS		
Current Liabilities		
Allocations Payable	\$ 850,000	\$ 748,800
Designations Payable	33,577	35,422
Accounts Payable	2,295	778
Other Payables	2,499	2,338
Accrued Expenses	29,262	23,056
Refundable Advance	-	89,465
	917,633	899,859
NET ASSETS		
Without Donor Restrictions		
Operating	2,219,418	2,361,028
Board-Designated	455,024	517,756
With Donor Restrictions	162,706	150,924
TOTAL NET ASSETS	2,837,148	3,029,708
TOTAL LIABILITIES AND NET ASSETS	\$ 3,754,781	\$ 3,929,567

See accompanying notes.

UNITED WAY OF LAKE COUNTY, INC.

STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2021)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2022	2021
PUBLIC SUPPORT AND REVENUE				
Gross Campaign Results	\$ 1,580,559	\$ 201,989	\$ 1,782,548	\$ 1,636,553
Less Donor Designations	(79,020)	-	(79,020)	(185,962)
Less Allowance for Uncollectible Pledges	(39,851)	-	(39,851)	(58,571)
Net Campaign Revenue	1,461,688	201,989	1,663,677	1,392,020
Gifts In-Kind	91,130	-	91,130	150,614
Grant - PPP	89,465	-	89,465	86,600
Grants	33,532	-	33,532	93,532
Rental Income	12,000	-	12,000	12,000
Other Income	5,708	-	5,708	10,884
Net Assets Released from Restrictions	190,207	(190,207)	-	-
 TOTAL PUBLIC SUPPORT AND REVENUE	 1,883,730	 11,782	 1,895,512	 1,745,650
EXPENSES				
Program Services:				
Gross Funds Awarded/Distributed	956,230	-	956,230	1,000,525
Less Donor Designations	(79,020)	-	(79,020)	(185,962)
Net Funds Awarded/Distributed	877,210	-	877,210	814,563
 Community Impact	 382,578	 -	 382,578	 520,133
Allocations and Agency Relations	53,836	-	53,836	77,417
Total Program Services	1,313,624	-	1,313,624	1,412,113
Supporting Services:				
Management and General	138,233	-	138,233	132,955
Resource Development	261,535	-	261,535	235,320
Total Supporting Services	399,768	-	399,768	368,275
 TOTAL EXPENSES	 1,713,392	 -	 1,713,392	 1,780,388
 Increase (Decrease) in Net Assets as a Result of Operations	 170,338	 11,782	 182,120	 (34,918)
NON-OPERATING ACTIVITIES				
Unrealized Gain (Loss) on Investments	(507,013)	-	(507,013)	478,064
Investment Income	132,333	-	132,333	84,639
	(374,680)	-	(374,680)	562,703
 CHANGE IN NET ASSETS	 (204,342)	 11,782	 (192,560)	 527,785
NET ASSETS – BEGINNING	2,878,784	150,924	3,029,708	2,501,923
NET ASSETS – ENDING	\$ 2,674,442	\$ 162,706	\$ 2,837,148	\$ 3,029,708

See accompanying notes.

UNITED WAY OF LAKE COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2021)

EXPENSES	DIRECT COMMUNITY SERVICE PROGRAMS			SUPPORTING SERVICES			TOTAL	
	COMMUNITY IMPACT	ALLOCATIONS AND AGENCY RELATIONS		MANAGEMENT AND GENERAL	RESOURCE DEVELOPMENT	TOTAL	2022	2021
		TOTAL						
Salaries	\$ 123,481	\$ 31,980	\$ 155,461	\$ 73,750	\$ 120,806	\$ 194,556	\$ 350,017	\$ 401,036
Employee Benefits	18,667	4,835	23,502	11,542	18,263	29,805	53,307	62,557
Payroll Taxes	9,130	2,365	11,495	5,645	8,925	14,570	26,065	30,179
Total Personnel Cost	151,278	39,180	190,458	90,937	147,994	238,931	429,389	493,772
Gifts In-Kind	91,130	-	91,130	-	-	-	91,130	150,614
Meetings and Awards	12,176	-	12,176	-	64,790	64,790	76,966	28,731
Food	50,760	-	50,760	-	-	-	50,760	103,313
Professional and Contract Service Fees	9,294	2,076	11,370	20,207	9,121	29,328	40,698	40,170
United Way Worldwide Membership Dues	9,821	2,543	12,364	6,072	9,608	15,680	28,044	29,902
Occupancy	11,205	2,923	14,128	6,820	3,410	10,230	24,358	19,177
Depreciation	11,106	2,897	14,003	6,760	3,380	10,140	24,143	24,143
Miscellaneous	16,397	1,175	17,572	2,947	1,986	4,933	22,505	26,400
Media	6,706	-	6,706	-	10,215	10,215	16,921	15,707
Communications	3,520	912	4,432	2,176	3,444	5,620	10,052	10,157
Insurance	2,798	725	3,523	1,730	2,737	4,467	7,990	7,861
Advertising	2,735	-	2,735	-	2,735	2,735	5,470	8,176
Travel and Conferences	1,931	1,287	3,218	-	-	-	3,218	853
Postage	302	-	302	40	1,668	1,708	2,010	4,916
Supplies	457	118	575	282	447	729	1,304	250
Dues and Subscriptions	962	-	962	262	-	262	1,224	1,683
Subtotal	\$ 382,578	\$ 53,836	436,414	\$ 138,233	\$ 261,535	399,768	836,182	965,825
Allocations/Awards			877,210			-	877,210	814,563
Total			\$ 1,313,624			\$ 399,768	\$ 1,713,392	\$ 1,780,388

See accompanying notes.

UNITED WAY OF LAKE COUNTY, INC.

STATEMENTS OF CASH FLOWS

YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (192,560)	\$ 527,785
Adjustments to Reconcile Change in Net Assets to Cash Provided by (Used by) Operating Activities:		
Depreciation	24,144	24,144
Net Unrealized Loss (Gain) on Investments	507,013	(478,064)
Decrease in Allowance for Uncollectible Pledges	(10,000)	(10,000)
PPP Forgiveness Grant	(89,465)	2,865
Decrease (Increase) in Operating Assets:		
Pledges Receivable	14,664	145,937
Prepaid Expenses and Other	1,502	(1,704)
Increase (Decrease) in Operating Liabilities:		
Allocations Payable	101,200	(321,201)
Designations Payable	(1,845)	(21,224)
Accounts Payable	1,517	330
Other Payables	161	(7,307)
Accrued Expenses	<u>6,206</u>	<u>1,524</u>
Cash Provided by (Used by) Operating Activities	362,537	(136,915)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in CSV of Life Insurance	(777)	(758)
Net Sale (Purchase) of Investments	<u>(126,301)</u>	<u>(62,887)</u>
Cash Provided by (Used by) Investing Activities	<u>(127,078)</u>	<u>(63,645)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	235,459	(200,560)
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	<u>400,503</u>	<u>601,063</u>
CASH AND EQUIVALENTS AT END OF YEAR	<u>\$ 635,962</u>	<u>\$ 400,503</u>

See accompanying notes.

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 and 2021

1. NATURE 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, 2021, 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, 2022 and 2021

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, 2022 and 2021 was \$70,000 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, 2022 and 2021.

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 and 2021

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 \$61,064 and \$108,944 was recognized as program expense in 2022 and 2021, respectively and is reflected on the statement of functional expenses. The value per pound of contributed food amounted to \$1.92 (2022) and \$1.74 (2021) 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 \$30,066 (2022) and \$27,007 (2021).

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 and 2021

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 approximately \$15,000 and \$18,000 for the years ended June 30, 2022 and 2021, 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 \$28,044 and \$29,902 for the years ended June 30, 2022 and 2021, 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 2022 or 2021. No tax accrual for uncertain tax positions was recorded as management believes there are no uncertain tax positions.

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 and 2021

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. 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:

	2022		2021	
	FAIR VALUE	COST	FAIR VALUE	COST
Cash and Cash Equivalents	\$ 128,272	\$ 128,272	\$ 74,747	\$ 74,747
Mutual Funds - Equities	1,421,783	252,910	1,794,688	1,058,589
Mutual Funds - Fixed Income	735,193	133,173	796,525	793,589
	<u>\$ 2,285,248</u>	<u>\$ 514,355</u>	<u>\$ 2,665,960</u>	<u>\$ 1,926,925</u>

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

	2022	2021
Unrealized Gain (Loss)	\$ (507,013)	\$ 478,064
Investment Income	132,333	84,639
	<u>\$ (374,680)</u>	<u>\$ 562,703</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.

	2022			Total
	Level 1	Level 2	Level 3	
Cash and Cash Equivalents	\$ 128,272	\$ -	\$ -	\$ 128,272
Mutual Funds - Equities	1,421,783	-	-	1,421,783
Mutual Funds - Fixed Income	735,193	-	-	735,193
	<u>\$ 2,285,248</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,285,248</u>
	2021			Total
	Level 1	Level 2	Level 3	
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>

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 and 2021

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
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	(769,179)	(745,035)
	<u>\$ 389,434</u>	<u>\$ 413,578</u>

6. REFUNDABLE ADVANCE

In January 2021, UWLC received proceeds in the amount of \$89,465 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, 2021. In 2022, UWLC incurred qualifying expenditures whereby the liability was recognized as grant 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 (4.75% at June 30, 2022) and is secured by UWLC's invested assets at the bank. The line is renewable on April 5, 2023. There were no amounts outstanding on the line as of June 30, 2022 and 2021.

8. BOARD-DESIGNATED RESERVE

In June 2021, the Board resolved to create a "Board-Designated Operating Reserve Fund" ("the Reserve 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	103,534
Total Investment Return	<u>122,284</u>
Fund Expenditures	<u>(17,238)</u>
Board-Designated Net Assets - June 30, 2021	517,756
Board Designation of Net Assets	-
Investment Return:	
Realized Investment Income, Net	24,651
Unrealized Loss	(87,383)
Total Investment Return	<u>(62,732)</u>
Fund Expenditures	<u>-</u>
Board-Designated Net Assets - June 30, 2022	<u>\$ 455,024</u>

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 and 2021

9. NET ASSETS WITH DONOR RESTRICTIONS

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

	2022			
	BEGINNING NET ASSETS WITH DONOR RESTRICTIONS	CONTRIBUTIONS/ INCOME	NET ASSETS RELEASED FROM RESTRICTION	ENDING NET ASSETS WITH DONOR RESTRICTIONS
Women United Directed	\$ 32,590	\$ 63,778	\$ (75,325)	\$ 21,043
Emerging Leaders Directed	21,214	42,234	(42,350)	21,098
Feed Lake County	75,748	95,977	(51,160)	120,565
Lake County Relief Fund	21,372	-	(21,372)	-
	<u>\$ 150,924</u>	<u>\$ 201,989</u>	<u>\$ (190,207)</u>	<u>\$ 162,706</u>
	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>

10. CAMPAIGN REVENUE

Gross revenues earned by campaign year are as follows:

	2022	2021
Campaign Year:		
2022	\$ 30,856	\$ -
2021	1,736,587	71,081
2020	14,456	1,552,507
Prior Periods	649	12,965
	<u>\$ 1,782,548</u>	<u>\$ 1,636,553</u>

11. LEASE INCOME

UWLC leases the use of a room to a Lake County 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 2023-2025. Rental income amounted to \$12,000 in each of the years 2022 and 2021.

12. OPERATING LEASE COMMITMENTS

UWLC leases office equipment under an operating lease. Minimum future lease payments required under the remaining lease is \$3,000 in each of the years 2023-2026 and \$1,500 in 2027.

Rent expense was approximately \$10,000 (2022) and \$13,000 (2021).

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 and 2021

13. AVAILABILITY AND LIQUIDITY

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

	<u>2022</u>	<u>2021</u>
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 635,962	\$ 400,503
Pledges Receivable, Net	407,807	412,471
Investments	<u>2,285,248</u>	<u>2,665,960</u>
Total Financial Assets	3,329,017	3,478,934
Less Amounts not Available to be Used Within One Year:		
Net Assets with Donor Restrictions - Cash	(176,441)	(150,924)
Designated by the Board for Allocations/Designations	<u>(883,577)</u>	<u>(784,222)</u>
	<u>(1,060,018)</u>	<u>(935,146)</u>
Financial Assets Available to meet General Expenditures Over the Next Twelve Months	<u>\$ 2,268,999</u>	<u>\$ 2,543,788</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. 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.

14. SUBSEQUENT EVENTS

In preparing these financial statements, UWLC has evaluated events and transactions for potential recognition or disclosure through _____, 2022, 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	2022	2021
Birtright Lake, Inc.	\$ -	\$ 5,000	\$ 7,700	\$ -	\$ -	\$ 12,700	\$ 10,000
Caley Home	-	-	-	-	1,248	1,248	-
Catholic Charities Corporation	10,000	-	-	-	-	10,000	25,000
Cleveland Rape Crisis Center	16,000	-	9,000	-	-	25,000	21,000
Crossroads Health	74,020	-	-	-	-	74,020	64,020
Ecumenical Shelter Network of Lake County	59,400	-	10,600	-	-	70,000	68,000
Fair Housing Resource Center	-	-	-	-	-	-	15,000
Fine Arts Association	6,800	-	11,100	-	-	17,900	18,400
Forbes House	74,400	-	10,600	-	2,000	87,000	84,500
Harvey Athletic Booster Club	-	-	-	-	3,700	3,700	-
Hospice of the Western Reserve, Inc.	20,000	-	-	-	-	20,000	20,263
Kidney Foundation of Ohio, Lake County Chapter	25,000	-	-	-	-	25,000	25,000
Lake County Black Lives Matter	-	-	-	-	-	-	10,000
Lake County Captains Charities	-	4,500	-	-	-	4,500	4,000
Lake County Council on Aging	50,000	-	-	-	-	50,000	40,000
Lake County Free Clinic	115,000	-	-	-	5,000	120,000	105,000
Lake County YMCA	67,000	-	8,000	-	-	75,000	67,500
Lake Health District Fund	15,000	-	-	-	-	15,000	10,000
Lake-Geauga Recovery Center, Inc.	40,000	-	1,328	-	-	41,328	28,400
Lakeland Foundation	-	-	-	-	5,000	5,000	-
Lifeline, Inc.	31,500	15,500	3,000	5,000	-	55,000	53,000
Madison Athletic Service Group	-	-	-	-	750	750	-
NAMI Lake County	21,000	-	-	-	-	21,000	26,000
Salvation Army Citadel	69,000	-	-	-	3,184	72,184	64,480
Salvation Army Service Units	22,000	-	-	-	-	22,000	15,000
Starting Point	15,880	-	-	-	-	15,880	15,000
Torchlight Youth Mentoring Alliance	15,000	-	-	-	-	15,000	12,000
Vineyard Community Church	-	-	-	-	-	-	3,000
Wickliffe City School District	18,000	-	-	-	-	18,000	10,000
Total Agency Allocations	\$ 765,000	\$ 25,000	\$ 61,328	\$ 5,000	\$ 20,882	\$ 877,210	814,563