



**United Way
of Lake County**

**AUDITED
FINANCIAL STATEMENTS**

JUNE 30, 2023 AND 2022

UNITED WAY OF LAKE COUNTY, INC.

INDEX

JUNE 30, 2023

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2022)

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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, 2023, 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, 2023 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 18, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, 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
December 21, 2023

H•J
Certified Public Accountants

UNITED WAY OF LAKE COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 307,766	\$ 622,257
Restricted Cash and Cash Equivalents	13,705	13,705
Pledges Receivable	431,243	477,807
(Less Allowance for Uncollectible Pledges)	(70,000)	(70,000)
Prepaid Expenses and Other	6,736	6,956
	<u>689,450</u>	<u>1,050,725</u>
Property and Equipment, Net	365,289	389,434
Other Assets		
Cash Surrender Value of Life Insurance	30,204	29,374
Investments	2,822,149	2,285,248
	<u>2,852,353</u>	<u>2,314,622</u>
TOTAL ASSETS	<u><u>\$ 3,907,092</u></u>	<u><u>\$ 3,754,781</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Allocations Payable	\$ 880,000	\$ 850,000
Designations and Other Agency Payables	55,286	36,108
Accounts Payable	2,887	2,295
Other Payables	13,967	16,204
Accrued Expenses	14,206	13,026
	<u>966,346</u>	<u>917,633</u>
NET ASSETS		
Without Donor Restrictions		
Operating	(83,177)	2,219,418
Board-Designated	2,822,149	455,024
With Donor Restrictions	201,774	162,706
	<u>2,940,746</u>	<u>2,837,148</u>
TOTAL NET ASSETS	<u>2,940,746</u>	<u>2,837,148</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,907,092</u></u>	<u><u>\$ 3,754,781</u></u>

See accompanying notes.

UNITED WAY OF LAKE COUNTY, INC.

STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2022)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2023	2022
PUBLIC SUPPORT AND REVENUE				
Gross Campaign Results	\$ 1,470,709	\$ 195,148	\$ 1,665,857	\$ 1,782,548
Less Donor Designations	(125,924)	-	(125,924)	(79,020)
Less Allowance for Uncollectible Pledges	<u>(72,950)</u>	<u>-</u>	<u>(72,950)</u>	<u>(39,851)</u>
Net Campaign Revenue	1,271,835	195,148	1,466,983	1,663,677
In-Kind Support	115,769	-	115,769	91,130
Employee Retention Tax Credit	70,163	-	70,163	-
Grants	-	18,391	18,391	33,532
Rental Income	15,000	-	15,000	12,000
Processing Fees	4,693	-	4,693	5,255
Other Income	661	-	661	453
Grant - PPP	-	-	-	89,465
Net Assets Released from Restrictions	<u>174,471</u>	<u>(174,471)</u>	<u>-</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUE	1,652,592	39,068	1,691,660	1,895,512
EXPENSES				
Program Services:				
Gross Funds Awarded/Distributed	1,016,999	-	1,016,999	956,230
Less Donor Designations	<u>(125,924)</u>	<u>-</u>	<u>(125,924)</u>	<u>(79,020)</u>
Net Funds Awarded/Distributed	891,075	-	891,075	877,210
Community Impact	422,202	-	422,202	382,578
Allocations and Agency Relations	<u>72,899</u>	<u>-</u>	<u>72,899</u>	<u>48,571</u>
Total Program Services	1,386,176	-	1,386,176	1,308,359
Supporting Services:				
Management and General	114,152	-	114,152	138,233
Resource Development	<u>324,989</u>	<u>-</u>	<u>324,989</u>	<u>261,535</u>
Total Supporting Services	439,141	-	439,141	399,768
TOTAL EXPENSES	1,825,317	-	1,825,317	1,708,127
Increase (Decrease) in Net Assets as a Result of Operations	(172,725)	39,068	(133,657)	182,120
NON-OPERATING ACTIVITIES				
Unrealized Gain (Loss) on Investments	150,076	-	150,076	(507,013)
Investment Income, Net	<u>87,179</u>	<u>-</u>	<u>87,179</u>	<u>132,333</u>
	<u>237,255</u>	<u>-</u>	<u>237,255</u>	<u>(374,680)</u>
CHANGE IN NET ASSETS	64,530	39,068	103,598	(192,560)
NET ASSETS – BEGINNING	<u>2,674,442</u>	<u>162,706</u>	<u>2,837,148</u>	<u>3,029,708</u>
NET ASSETS – ENDING	<u>\$ 2,738,972</u>	<u>\$ 201,774</u>	<u>\$ 2,940,746</u>	<u>\$ 2,837,148</u>

See accompanying notes.

UNITED WAY OF LAKE COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2022)

EXPENSES	DIRECT COMMUNITY SERVICE PROGRAMS			SUPPORTING SERVICES			TOTAL	
	COMMUNITY IMPACT	ALLOCATIONS		MANAGEMENT AND GENERAL	RESOURCE DEVELOPMENT	TOTAL	2023	2022
		AND AGENCY RELATIONS	TOTAL					
Salaries	\$ 121,021	\$ 47,876	\$ 168,897	\$ 65,695	\$ 130,915	\$ 196,610	\$ 365,507	\$ 350,017
Employee Benefits	16,540	6,543	23,083	8,979	17,892	26,871	49,954	53,307
Payroll Taxes	9,180	3,632	12,812	4,983	9,931	14,914	27,726	26,065
Total Personnel Cost	146,741	58,051	204,792	79,657	158,738	238,395	443,187	429,389
Meetings and Awards	36,545	-	36,545	-	107,308	107,308	143,853	76,966
Gifts In-Kind	112,869	-	112,869	-	2,900	2,900	115,769	91,130
Professional and Contract Service Fees	14,082	3,642	17,724	17,269	10,840	28,109	45,833	40,698
Food	45,542	-	45,542	-	-	-	45,542	50,760
Depreciation	13,279	2,414	15,693	4,829	3,622	8,451	24,144	24,143
Occupancy	12,349	2,245	14,594	4,491	3,368	7,859	22,453	24,358
Postage	4,457	-	4,457	186	13,927	14,113	18,570	2,010
Miscellaneous	9,327	1,008	10,335	1,590	2,756	4,346	14,681	17,240
United Way Worldwide Membership Dues	4,143	1,639	5,782	2,249	4,482	6,731	12,513	28,044
Media	6,127	-	6,127	-	5,962	5,962	12,089	16,921
Communications	3,252	1,286	4,538	1,765	3,517	5,282	9,820	10,052
Advertising	4,392	-	4,392	-	4,392	4,392	8,784	5,470
Insurance	2,447	968	3,415	1,328	2,647	3,975	7,390	7,990
Travel and Conferences	3,388	1,452	4,840	-	-	-	4,840	3,218
Supplies	1,740	194	1,934	266	530	796	2,730	1,304
Dues and Subscriptions	1,522	-	1,522	522	-	522	2,044	1,224
Subtotal	\$ 422,202	\$ 72,899	495,101	\$ 114,152	\$ 324,989	439,141	934,242	830,917
Allocations/Awards			891,075			-	891,075	877,210
Total			\$ 1,386,176			\$ 439,141	\$ 1,825,317	\$ 1,708,127

See accompanying notes.

UNITED WAY OF LAKE COUNTY, INC.

STATEMENTS OF CASH FLOWS

YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 103,598	\$ (192,560)
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:		
Depreciation	24,145	24,144
Net Unrealized Loss (Gain) on Investments	(150,076)	507,013
Decrease in Allowance for Uncollectible Pledges	-	(10,000)
PPP Forgiveness Grant	-	(89,465)
Decrease (Increase) in Operating Assets:		
Pledges Receivable	46,564	14,664
Prepaid Expenses and Other	220	1,502
Increase (Decrease) in Operating Liabilities:		
Allocations Payable	30,000	101,200
Designations and Other Agency Payables	19,178	(1,845)
Accounts Payable	592	1,517
Other Payables	(2,237)	161
Accrued Expenses	1,180	6,206
Cash Provided by Operating Activities	73,164	362,537
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in CSV of Life Insurance	(830)	(777)
Net Purchase of Investments	(386,825)	(126,301)
Cash Used by Investing Activities	(387,655)	(127,078)
Net Increase (Decrease) in Cash and Cash Equivalents	(314,491)	235,459
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	635,962	400,503
CASH AND EQUIVALENTS AT END OF YEAR	\$ 321,471	\$ 635,962
RECONCILIATION OF CASH AND RESTRICTED CASH		
Cash and Cash Equivalents	\$ 307,766	\$ 622,257
Restricted Cash and Cash Equivalents	13,705	13,705
	\$ 321,471	\$ 635,962

See accompanying notes.

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023 and 2022

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, 2022, 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.

CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

For purposes of the statement of cash flows, UWLC considers all highly liquid investments with an initial maturity of three months or less, and which are not held by investment managers as part of an investment portfolio, to be cash equivalents.

Restricted cash totaling \$13,705 as of June 30, 2023 and 2022 consists of amounts held for a fiscal sponsored organization.

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023 and 2022

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.

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, 2023 and 2022 was \$70,000. 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, 2023 and 2022

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, 2023 and 2022.

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.

CUSTODIAL ACCOUNTS

UWLC administers national fundraising campaigns for local employers that have employees located outside of UWLC's local region. Pledges collected from these national campaigns are held by UWLC for the accounts of other agencies and are disbursed as directed by the donors. UWLC allows these donors to designate their contributions to any agency in the United States qualified to receive charitable contributions.

Pledged contributions for the years ended June 30, 2023 and 2022 that relate to national accounts outside of UWLC's region are not reflected on the accompanying statement of activities. The revenue is reflected in the financial statements of United Way organizations serving those regions. Pledges collected and payable to other agencies at June 30 are recorded as designations and other agency payables in the statements of financial position. Any portion of the pledged contributions that is not collected is not distributed to the designated agency.

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.

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023 and 2022

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 \$71,186 and \$61,064 was recognized as program expense in 2023 and 2022, respectively and is reflected on the statement of functional expenses. The value per pound of contributed food amounted to \$1.92 (2023 and 2022) as derived from the most recent audited financial statements of Feeding America. In addition, UWLC received donated program and campaign materials, and advertising in the amount of \$44,583 (2023) and \$30,066 (2022).

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.

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 \$12,000 and \$15,000 for the years ended June 30, 2023 and 2022, 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 \$12,513 and \$28,044 for the years ended June 30, 2023 and 2022, respectively.

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023 and 2022

INCOME TAXES

UWLC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") as a charitable organization whereby only unrelated business income, as defined by Section 509(a) of the Code, is subject to federal income tax. The Organization currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

ACCOUNTING PRONOUNCEMENT ADOPTED

UWLC adopted the FASB-issued ASU No. 2016-02, *Leases (Topic 842)* in 2023. 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 are 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. UWLC is not party to a material lease contract extending more than one year and therefore has determined this ASU has no effect on the financial statements as a whole.

3. 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.

	2023			Total
	Level 1	Level 2	Level 3	
Cash and Cash Equivalents	\$ 137,772	\$ -	\$ -	\$ 137,772
Mutual Funds - Equities	1,684,981	-	-	1,684,981
Mutual Funds - Fixed Income	862,652	-	-	862,652
Real Asset Funds	136,744	-	-	136,744
	<u>\$ 2,822,149</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,822,149</u>

	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>

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023 and 2022

4. INVESTMENTS

Investments are composed of the following at June 30:

	2023		2022	
	FAIR VALUE	COST	FAIR VALUE	COST
Cash and Cash Equivalents	\$ 137,772	\$ 137,772	\$ 128,272	\$ 128,272
Real Asset Funds	136,744	124,464	-	-
Mutual Funds - Equities	1,684,981	1,381,719	1,421,783	1,150,640
Mutual Funds - Fixed Income	862,652	950,131	735,193	746,150
	<u>\$ 2,822,149</u>	<u>\$ 2,594,086</u>	<u>\$ 2,285,248</u>	<u>\$ 2,025,062</u>

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

	2023	2022
Unrealized Gain (Loss)	\$ 150,076	\$ (507,013)
Investment Income, Net	87,179	132,333
	<u>\$ 237,255</u>	<u>\$ (374,680)</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2023	2022
Land and Improvements	\$ 200,500	\$ 200,500
Building and Improvements	880,263	880,263
Office Furniture and Equipmen	77,850	77,850
	1,158,613	1,158,613
Accumulated Depreciation	(793,324)	(769,179)
	<u>\$ 365,289</u>	<u>\$ 389,434</u>

6. BOARD-DESIGNATED RESERVES

In 2023, the Board modified its existing Operating Reserve and created two designated reserve funds as described below:

Stability Fund

The purpose of this fund is for organizational long-term stability. This fund is also used for cash above a minimum threshold needed in the Operating Fund.

Impact Fund

The purpose of this fund is for income generation and used for community impact. Each year, a certain percentage of the fund's balance will be approved by the Board to be used in a discretionary manner for funding new and emerging needs outside of our regular allocation process.

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023 and 2022

Changes in the Reserve Fund are as follows:

	Total	Fund		
		Operating	Stability	Impact
Board-Designated Net Assets - July 1, 2021	\$ 517,756	\$ 517,756	\$ -	\$ -
Board Designation of Net Assets	-	-	-	-
Investment Return:				
Realized Investment Income, Net	24,651	24,651	-	-
Unrealized Loss	(87,383)	(87,383)	-	-
Total Investment Return	(62,732)	(62,732)	-	-
Fund Expenditures	-	-	-	-
Board-Designated Net Assets - June 30, 2022	455,024	455,024	-	-
Board Designation of Net Assets	2,246,523	(455,024)	1,341,603	1,359,944
Investment Return	120,602	-	60,669	59,933
Fund Expenditures	-	-	-	-
Board-Designated Net Assets - June 30, 2023	<u>\$ 2,822,149</u>	<u>\$ -</u>	<u>\$ 1,402,272</u>	<u>\$ 1,419,877</u>

7. NET ASSETS WITH DONOR RESTRICTIONS

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

	2023			
	BEGINNING NET ASSETS WITH DONOR RESTRICTIONS	CONTRIBUTIONS/ INCOME	NET ASSETS RELEASED FROM RESTRICTION	ENDING NET ASSETS WITH DONOR RESTRICTIONS
Emerging Leaders	\$ 21,098	\$ 62,070	\$ (50,769)	\$ 32,399
Feed Lake County	120,565	79,336	(46,539)	153,362
Women United Directed	21,043	72,133	(77,163)	16,013
	<u>\$ 162,706</u>	<u>\$ 213,539</u>	<u>\$ (174,471)</u>	<u>\$ 201,774</u>
	2022			
	BEGINNING NET ASSETS WITH DONOR RESTRICTIONS	CONTRIBUTIONS/ INCOME	NET ASSETS RELEASED FROM RESTRICTION	ENDING NET ASSETS WITH DONOR RESTRICTIONS
Emerging Leaders	\$ 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)	-
Women United Directed	32,590	63,778	(75,325)	21,043
	<u>\$ 150,924</u>	<u>\$ 201,989</u>	<u>\$ (190,207)</u>	<u>\$ 162,706</u>

UNITED WAY OF LAKE COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023 and 2022

8. CAMPAIGN REVENUE

Gross revenues earned by campaign year are as follows:

Campaign Year:	2023	2022
2023	\$ 66,827	\$ -
2022	1,589,259	30,856
2021	9,771	1,736,587
Prior Periods	-	15,105
	\$ 1,665,857	\$ 1,782,548

9. LEASE INCOME

UWLC leases the use office space to two local organizations. Rental income is reported as earned over the term of the operating lease. Future minimum rental income under these leases amounts to \$15,000 in 2024 and \$12,000 in 2025. Rental income amounted to \$15,000 (2023) and \$12,000 (2022).

10. 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 2024-2026 and \$1,500 in 2027.

Rent expense was approximately \$10,000 in each of the years 2023 and 2022.

11. AVAILABILITY AND LIQUIDITY

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

	2023	2022
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 307,766	\$ 400,503
Pledges Receivable, Net	361,243	412,471
Investments	2,822,149	2,665,960
Total Financial Assets	3,491,158	3,478,934
Less Amounts not Available to be Used Within One Year:		
Net Assets with Donor Restrictions - Cash	(201,774)	(176,441)
Board Reserve Funds	(2,822,149)	(455,024)
	(3,023,923)	(631,465)
Financial Assets Available to meet General Expenditures Over the Next Twelve Months	\$ 467,235	\$ 2,847,469

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.

12. SUBSEQUENT EVENTS

In preparing these financial statements, UWLC has evaluated events and transactions for potential recognition or disclosure through December 21, 2023, 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

	Community Impact	Emerging Leaders	Women United	Youth United Way	Responsive Fund	Other	2023	2022
Birthright Lake, Inc.	\$ -	\$ -	\$ 12,700	\$ -	\$ -	\$ -	\$ 12,700	\$ 12,700
Caley Home	-	1,148	-	-	-	-	1,148	1,248
Catholic Charities Corporation	15,000	-	-	-	-	-	15,000	10,000
Cleveland Rape Crisis Center	15,000	-	10,000	2,000	-	-	27,000	25,000
Crossroads Health	74,020	-	-	-	-	-	74,020	74,020
Ecumenical Shelter Network of Lake County	75,480	-	-	-	-	-	75,480	70,000
Fine Arts Association	17,900	-	-	-	-	-	17,900	17,900
Forbes House	85,000	-	10,000	1,000	-	2,116	98,116	87,000
Harvey Athletic Booster Club	-	-	-	-	-	-	-	3,700
Hospice of the Western Reserve, Inc.	20,000	-	-	-	-	-	20,000	20,000
Kidney Foundation of Ohio, Lake County Chapter	15,000	-	-	-	-	-	15,000	25,000
Lake County Captains Charities	-	4,500	-	-	-	-	4,500	4,500
Lake County Council on Aging	50,000	-	-	-	-	-	50,000	50,000
Lake County Free Clinic	130,000	-	-	2,000	-	-	132,000	120,000
Lake County YMCA	53,000	-	-	-	-	-	53,000	75,000
Lake Health District Fund	-	-	-	-	-	-	-	15,000
Lake-Geauga Recovery Center, Inc.	19,900	-	20,100	-	-	1,336	41,336	41,328
Lakeland Foundation	-	-	-	-	-	-	-	5,000
Lifeline, Inc.	39,000	13,000	-	-	30,000	-	82,000	55,000
Madison Athletic Service Group	-	-	-	-	-	3,100	3,100	750
NAMI Lake County	19,100	7,500	-	-	-	-	26,600	21,000
Salvation Army Citadel	69,000	-	-	-	10,000	-	79,000	72,184
Salvation Army Service Units	24,000	-	-	-	-	-	24,000	22,000
Starting Point	8,600	-	7,200	-	-	-	15,800	15,880
Torchlight Youth Mentoring Alliance	15,000	-	-	-	-	-	15,000	15,000
Wickliffe City School District	20,000	-	-	-	-	-	20,000	18,000
Total Agency Allocations	\$ 765,000	\$ 26,148	\$ 60,000	\$ 5,000	\$ 40,000	\$ 6,552	\$ 902,700	877,210
Committed Allocation Funding Unpaid Due to Outstanding Matters							(11,625)	-
Total Awarded Funds							\$ 891,075	\$ 877,210