



The United Way of Greater Lorain County, Inc.

Financial Statements
June 30, 2022 and 2021

Cohen & Co

cohencpa.com

THE UNITED WAY OF GREATER LORAIN COUNTY, INC.

JUNE 30, 2022 AND 2021

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	2 - 3
STATEMENT OF FINANCIAL POSITION	
June 30, 2022 and 2021	4
STATEMENT OF ACTIVITIES	
Year ended June 30, 2022, with comparative totals for 2021	5
STATEMENT OF FUNCTIONAL EXPENSES	
Year ended June 30, 2022, with comparative totals for 2021	6
STATEMENT OF CASH FLOWS	
Years ended June 30, 2022 and 2021	7
NOTES TO THE FINANCIAL STATEMENTS	8 - 18

Independent Auditors' Report

Board of Directors
The United Way of Greater Lorain County, Inc.

Opinion

We have audited the accompanying financial statements of The United Way of Greater Lorain County, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities 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 The United Way of Greater Lorain County, Inc. 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 The United Way of Greater Lorain County, Inc. 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 audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 The United Way of Greater Lorain County, Inc.'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 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 The United Way of Greater Lorain County, Inc.'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, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The United Way of Greater Lorain County, Inc.'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 related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited The United Way of Greater Lorain County, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 27, 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.

Cleveland, Ohio
October 27, 2022

Cohen & Company Ltd.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>
ASSETS			LIABILITIES AND NET ASSETS		
CURRENT ASSETS			CURRENT LIABILITIES		
Cash	\$ 201,899	\$ 218,560	Accounts payable - Trade and dues	\$ 139,242	\$ 67,578
Investments	3,187,290	3,735,100	- Donor designations	437,205	438,948
Campaign pledges receivable - Net of allowance for uncollectible pledges of \$78,979 (2022) and \$78,915 (2021)	642,832	577,782	Note payable	-	125,500
Grants receivable	99,148	81,070	Grants payable	425,446	466,541
Interest receivable	7,238	6,948	Accrued expenses	50,936	58,016
Other receivables	2,530	-	Deferred revenue	<u>35,750</u>	<u>73,000</u>
Prepays and deposits	9,530	7,905		1,088,579	1,229,583
	<u>4,150,467</u>	<u>4,627,365</u>	LONG-TERM LIABILITY		
PROPERTY AND EQUIPMENT			Accrued postemployment benefits	<u>18,010</u>	<u>20,031</u>
Land	9,100	9,100		<u>1,106,589</u>	<u>1,249,614</u>
Building and improvements	552,166	552,166	COMMITMENTS		
Furniture and equipment	90,526	87,026	NET ASSETS WITHOUT DONOR RESTRICTIONS		
Computers and software	92,154	85,173	Undesignated	1,882,042	2,004,608
	<u>743,946</u>	<u>733,465</u>	Board designated - Community impact	226,458	339,721
Less: Accumulated depreciation	<u>247,536</u>	<u>210,082</u>	- Allocation and operation reserve	<u>532,409</u>	<u>561,643</u>
	<u>496,410</u>	<u>523,383</u>		2,640,909	2,905,972
BENEFICIAL INTEREST IN FUNDS HELD AT COMMUNITY FOUNDATION	<u>21,134</u>	<u>24,485</u>	NET ASSETS WITH DONOR RESTRICTIONS	<u>963,593</u>	<u>1,065,410</u>
TRUST RECEIVABLE	<u>43,080</u>	<u>45,763</u>		<u>3,604,502</u>	<u>3,971,382</u>
	<u>\$ 4,711,091</u>	<u>\$ 5,220,996</u>		<u>\$ 4,711,091</u>	<u>\$ 5,220,996</u>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022, WITH COMPARATIVE TOTALS FOR 2021

	Without Donor Restrictions	With Donor Restrictions	Total 2022	Total 2021
PUBLIC SUPPORT AND REVENUE				
Prior year campaign contributions	\$ 55,614	\$ -	\$ 55,614	\$ 54,721
Net assets released from restrictions:				
Prior year campaign contributions	1,164,807	(1,164,807)	-	-
Less: Provision for uncollectible pledges	(72,373)	72,373	-	-
Less: Donor designations	(266,132)	266,132	-	-
Purpose restricted grants released	107,260	(107,260)	-	-
Current year campaign contributions	706,691	1,146,022	1,852,713	1,723,787
Less: Provision for uncollectible pledges	-	(71,627)	(71,627)	(72,373)
Less: Donor designations	-	(240,694)	(240,694)	(266,132)
Designations from other United Ways	110,312	-	110,312	90,694
Less: Provision for uncollectible pledges	(6,894)	-	(6,894)	(5,668)
Grants	430,152	4,080	434,232	374,421
Paycheck Protection Program loan forgiveness	125,500	-	125,500	128,653
Bequests	3,802	-	3,802	4,038
Sponsorships	5,000	-	5,000	5,000
Gifts in-kind	9,236	-	9,236	6,400
Investment income (loss) - Net of investment fees	(251,088)	(3,353)	(254,441)	419,959
Change in fair value of trust receivable	-	(2,683)	(2,683)	10,160
Service fees	26,465	-	26,465	27,533
Special event	20,887	-	20,887	18,130
Miscellaneous	6,100	-	6,100	4,024
Other contributions	1,422	-	1,422	10,190
Total public support and revenue	<u>2,176,761</u>	<u>(101,817)</u>	<u>2,074,944</u>	<u>2,533,537</u>
EXPENSES				
Program service expenses:				
Grants and community services	1,431,612	-	1,431,612	1,407,848
Information and referral	124,928	-	124,928	125,014
Financial Stability Free Tax Coalition	76,548	-	76,548	84,961
Transportation initiatives	195,005	-	195,005	99,392
Total program service expenses	<u>1,828,093</u>	<u>-</u>	<u>1,828,093</u>	<u>1,717,215</u>
Other United Way expenses:				
Fundraising	269,234	-	269,234	254,881
Agency administration	344,497	-	344,497	315,212
Total other United Way expenses	<u>613,731</u>	<u>-</u>	<u>613,731</u>	<u>570,093</u>
Total expenses	<u>2,441,824</u>	<u>-</u>	<u>2,441,824</u>	<u>2,287,308</u>
CHANGE IN NET ASSETS	(265,063)	(101,817)	(366,880)	246,229
NET ASSETS - BEGINNING OF YEAR	<u>2,905,972</u>	<u>1,065,410</u>	<u>3,971,382</u>	<u>3,725,153</u>
NET ASSETS - END OF YEAR	<u>\$ 2,640,909</u>	<u>\$ 963,593</u>	<u>\$ 3,604,502</u>	<u>\$ 3,971,382</u>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022, WITH COMPARATIVE TOTALS FOR 2021

	Program						Total 2022	Total 2021
	Grants and Community Services	Information and Referral	Financial Stability Free Tax Coalition	Transportation Initiatives	Fundraising	Agency Administration		
Grants to collaboratives	\$ 1,018,564	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,018,564	\$ 989,013
Salaries	151,210	4,384	49,999	61,649	144,779	191,969	603,990	569,862
Employee benefits	27,555	984	7,656	14,557	26,489	35,542	112,783	110,777
Payroll taxes	11,158	340	4,422	4,716	10,609	14,279	45,524	42,670
	<u>189,923</u>	<u>5,708</u>	<u>62,077</u>	<u>80,922</u>	<u>181,877</u>	<u>241,790</u>	<u>762,297</u>	<u>723,309</u>
AmeriCorps and interns	-	-	-	-	-	-	-	5,000
Board development	-	-	-	-	-	275	275	-
Campaign and other events	572	-	49	-	3,230	-	3,851	878
Community workshops	1,733	-	-	-	-	-	1,733	58
Contract services	153,233	118,639	2,583	96,635	-	-	371,090	311,505
COVID response fund grant	-	-	-	-	-	-	-	29,954
Development materials	193	-	-	-	4,066	146	4,405	4,118
Information systems	10,938	-	1,133	2,382	13,833	13,590	41,876	34,035
Insurance	2,008	-	-	-	2,513	3,385	7,906	6,706
Interest	-	-	-	-	-	-	-	1,234
Maintenance and rental	4,255	-	-	-	5,323	7,314	16,892	12,394
Market research and advertising	8,605	260	332	7,628	11,908	173	28,906	27,815
National dues	7,160	-	-	-	8,964	12,064	28,188	17,406
Postage	458	-	-	-	612	690	1,760	3,413
Professional fees	8,105	16	108	-	9,935	26,002	44,166	36,214
Real Estate Assessment	-	-	-	-	-	9,115	9,115	-
Site coordinators	-	-	8,052	-	-	-	8,052	3,171
Subscriptions and dues	221	305	-	484	276	1,842	3,128	4,262
Supplies	2,256	-	510	271	1,154	1,517	5,708	4,168
Travel and conferences	2,578	-	148	6,357	2,945	1,902	13,930	9,181
Utilities and telephone	4,287	-	326	326	5,189	6,983	17,111	15,187
Volunteer engagement	2,993	-	-	-	-	-	2,993	2,355
	<u>209,595</u>	<u>119,220</u>	<u>13,241</u>	<u>114,083</u>	<u>69,948</u>	<u>84,998</u>	<u>611,085</u>	<u>529,054</u>
Other expenses:								
In-kind	3,057	-	1,230	-	4,549	400	9,236	6,400
Depreciation	10,473	-	-	-	12,860	17,309	40,642	39,532
	<u>13,530</u>	<u>-</u>	<u>1,230</u>	<u>-</u>	<u>17,409</u>	<u>17,709</u>	<u>49,878</u>	<u>45,932</u>
	<u>\$ 1,431,612</u>	<u>\$ 124,928</u>	<u>\$ 76,548</u>	<u>\$ 195,005</u>	<u>\$ 269,234</u>	<u>\$ 344,497</u>	<u>\$ 2,441,824</u>	<u>\$ 2,287,308</u>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS USED IN OPERATING ACTIVITIES		
Change in net assets	\$ (366,880)	\$ 246,229
Noncash items included in operating activities		
Depreciation	40,642	39,532
Unrealized losses (gains) on investments	360,303	(246,298)
Realized gains on investments	(61,062)	(127,408)
Decrease (increase) in fair value of trust receivable	2,683	(10,160)
Forgiveness of Paycheck Protection Program loan	(125,500)	(128,653)
Increase (decrease) in accrued postemployment benefits	(2,021)	2,412
Increase (decrease) in cash caused by changes in current items		
Campaign pledges receivable - Net	(65,050)	166,838
Grants receivable	(18,078)	723
Interest receivable	(290)	228
Other receivables	(2,530)	-
Prepays and deposits	(1,625)	820
Accounts payable - Trade and dues	71,664	(6,956)
Accounts payable - Donor designations	(1,743)	(153,706)
Grants payable	(41,095)	(136,961)
Accrued expenses	(7,080)	1,881
Deferred revenue	(37,250)	71,005
Net cash flow used in operations	<u>(254,912)</u>	<u>(280,474)</u>
CASH FLOWS PROVIDED FROM INVESTING ACTIVITIES		
Purchase of investments	(1,125,594)	(1,513,181)
Proceeds from redemption/sale of investments	1,377,514	1,660,156
Purchase of property and equipment	(13,669)	(4,000)
	<u>238,251</u>	<u>142,975</u>
CASH FLOWS PROVIDED FROM FINANCING ACTIVITIES		
Repayments on long-term debt	-	(67,209)
Loan proceeds from note payable	-	125,500
	<u>-</u>	<u>58,291</u>
NET DECREASE IN CASH	(16,661)	(79,208)
CASH - BEGINNING OF YEAR	<u>218,560</u>	<u>297,768</u>
CASH - END OF YEAR	<u>\$ 201,899</u>	<u>\$ 218,560</u>
SUPPLEMENTAL FINANCIAL INFORMATION		
Interest paid	<u>\$ -</u>	<u>\$ 12,394</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The United Way of Greater Lorain County, Inc. (the Organization), is a committed and vital nonprofit organization devoted to identifying, promoting, and supporting the delivery of effective social services to the total community.

COVID-19 Impact

The ongoing COVID-19 pandemic has caused an economic downturn on a global scale, disrupted global supply chains, and created significant uncertainty, volatility, and disruption across economies and financial markets. The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Organization and its financial results will depend on future developments, including the duration and spread of the outbreak within the markets in which it operates and the related impact on consumer confidence and spending, all of which are highly uncertain.

Cash

Cash is maintained at financial institutions and may, at times, exceed federally insured amounts. For cash flow purposes, money market funds and certificates of deposit are classified as investments.

New Accounting Pronouncement

The Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-Financial Assets*, to improve transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The ASU is applicable for the Organization's fiscal year 2022. The new standard requires that contributed nonfinancial assets are presented separately in the statement of activities. New disclosures are also required to disaggregate contributed nonfinancial assets by category type and other qualitative information about utilization, policies, and valuation techniques.

Use of Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic, and such differences may be material.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Forgivable Loans

Absent specific guidance in GAAP, the Organization accounts for forgivable loans as debt in accordance with Accounting Standards Codification (ASC) 470, *Debt*, and accrues interest in accordance with the interest method under ASC 835-30, *Interest – Imputation of Interest*. Accordingly, proceeds from such loans are recorded as a liability until either the loan is, in part or wholly forgiven and the debt has been legally released or the loan is paid off. In addition, the Organization has elected to classify the portion of the loan that is to be forgiven as current debt and the remainder, if any, as long-term.

Revenue RecognitionContracts with Customers

The Organization's revenue from contracts with customers consists primarily of service fees. Service fee income amounted to \$26,465 and \$27,533 for the years ended June 30, 2022 and 2021, respectively. Obligations for the service fees are satisfied and recognized at a point in time as the services are performed. As of June 30, 2022, there were no outstanding obligations for these fees.

Contribution Revenue

Unconditional pledges of contributions are recorded as revenue at the time pledges are made. All contributions are considered available for unrestricted use, unless received with donor stipulations that limit the use of the assets. When a donor restriction expires, for example, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. A receivable is recorded to the extent grants earned exceed cash advances. Conversely, deferred revenue is recorded when grant or contract cash advances exceed support earned. There were no such advances received for the years ended June 30, 2022 and 2021. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization received cost-reimbursable grants of \$135,605 and \$318,673 that have not been recognized for the years ended June 30, 2022 and 2021, respectively. The grantors may, at their discretion, request reimbursement for unallowed expenses as a result of noncompliance by the Organization with the terms of the grant. On certain grants, if advances exceed eligible costs, the funds must be returned to the grantor. No funds were required to be returned during the current year or prior year.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (continued)Contribution Revenue (continued)

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of cash, long-lived assets or other assets with explicit restrictions that specify how the donated assets must be used are reported as restricted support. Absent explicit donor stipulation about how long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Endowment contributions and related investments are restricted by the donor and recorded in net assets with donor restrictions. Investment earnings are recorded in net assets with donor restrictions and are released from restrictions when those amounts are appropriated for expenditure by the Organization.

Pledges made for special events are recognized at the time of the event. Pledges received prior to the fiscal year to which they apply are deferred until the period earned and recorded in deferred revenue.

Contribution Expense

The Organization records unconditional grants as expenses in the year they are approved. Grants payable over multiple years are discounted and reported at net present value. Conditional grants are recognized as grant expense in the period in which the recipient substantially meets the condition.

Campaign Pledges Receivable and Credit Policies

The carrying amount of receivables is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management estimates an allowance for the aggregate remaining campaign pledges receivable based on historical collectability. Additionally, management individually reviews all campaign pledges receivable balances that exceed one year from pledge date and estimates the portion, if any, of the balance that will not be collected. When receivables are determined to be uncollectible, they are written off against the allowance for uncollectible pledges.

Pledges of contributions are recorded as receivables and net assets with donor restrictions at the time pledges are made. The Organization records special event campaign pledges as net assets without donor restrictions. Net assets are released from restrictions at the time the funds are received and utilized or allocated. Pledge receivables recorded at June 30, 2022 and 2021, are expected to be received within one year and are recorded at their net realizable value.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donor Designations

Donor designations deducted from current year campaign contributions in the statement of activities consist of all pledges designated to external entities/agencies/programs over which the Organization exercises/retains no discretion as to use due to:

- Donor instruction
- Contractual agreement between the organizations as to the distribution of pledges across service area boundaries
- Other circumstances that remove the Organization's discretion as to use.

Investments

Investments at June 30, 2022 and 2021, are carried at fair value and consist of marketable debt securities and mutual funds. Realized and unrealized gains and losses are recognized in the statement of activities. Investment income as reported is net of related expenses.

Components of investment income (loss) for the years ended June 30, 2022 and 2021, are as follows:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 67,950	\$ 70,783
Realized gains	61,062	127,408
Unrealized gains (losses)	(360,303)	246,298
Less: Investment fees	<u>(23,150)</u>	<u>(24,530)</u>
	<u>\$ (254,441)</u>	<u>\$ 419,959</u>

Property and Equipment

Purchased assets are recorded at cost at the date of acquisition or fair value at date of donation. Routine maintenance, repairs, and minor renewals and replacement of the assets are expensed. Expenditures that significantly increase values, change capacities, or extend useful lives are capitalized. Depreciation is computed by the straight-line method. Assets are depreciated over their estimated useful lives as follows:

Building and improvements	30 years
Furniture and equipment	7 years
Computers and software	3 years

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

The various inputs that may be used to determine the fair value of the Organization's assets and liabilities are summarized in three broad levels:

- Level 1 - Quoted prices in active markets for identical securities
- Level 2 - Other significant observable inputs (including quoted prices for similar securities, interest rates, credit risk, etc.)
- Level 3 - Significant unobservable inputs (including the Organization's own assumptions used to determine value)

The following is a description of the valuation methodologies used for assets of the Organization at fair value at June 30, 2022 and 2021:

- Mutual funds and money market funds - Valued at the daily closing price as reported by the fund.
- U.S. government bonds - Valued using pricing models maximizing the use of observable inputs for similar securities.
- Certificates of deposit - Valued based on the quoted prices of similar assets. The certificates have maturities through May 2025.
- Beneficial interest in funds held at Community Foundation of Greater Lorain County (the Foundation) - Valued at fair market value of the portion of the Organization's interest in these funds, as determined by the value of the underlying assets as reported by the Foundation (see Note 4).
- Trust receivable - Valued at fair market value of the portion of the Organization's interest in these funds which approximates the present value of the future distributions expected to be received.

Assets measured at fair value are comprised of the following at June 30, 2022:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 1,289,008		
Money market funds	91,967		
U.S. government bonds		\$ 189,392	
Certificates of deposit		1,616,923	
Trust receivable		43,080	
Beneficial interest in funds held at the Foundation			\$ 21,134
	<u>\$ 1,380,975</u>	<u>\$ 1,849,395</u>	<u>\$ 21,134</u>

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (continued)

Assets measured at fair value are comprised of the following at June 30, 2021:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 1,510,650		
Money market funds	177,106		
Certificates of deposit		\$ 2,047,344	
Trust receivable		45,763	
Beneficial interest in funds held at the Foundation			\$ 24,485
	<u>\$ 1,687,756</u>	<u>\$ 2,093,107</u>	<u>\$ 24,485</u>

Activity for Level 3 investments is as follows:

Balance at July 1, 2020	\$ 19,976
Change in value of funds held in trust by others	<u>4,509</u>
Balance at June 30, 2021	24,485
Change in value of funds held in trust by others	<u>(3,351)</u>
Balance at June 30, 2022	<u>\$ 21,134</u>

See Notes 3, 4, and 5 for a description of the assets measured at fair value.

There were no transfers between levels in either year.

Income Taxes

The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes.

Uncertain Tax Positions

The Organization recognizes and discloses uncertain tax positions in accordance with GAAP. As of and during the years ended June 30, 2022 and 2021, the Organization did not have a liability for unrecognized tax benefits.

Gifts in Kind

Donated equipment and services are recorded at fair value when received. For the years ended June 30, 2022 and 2021, the Organization received \$9,236 and \$6,400, respectively, in donated media and other services.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Risk

Pledges from one employer organization and its employees accounted for approximately 54% and 35% of public support and revenue for 2022 and 2021, respectively. The same organization and its employees accounted for approximately 24% and 20% of campaign pledges receivable at June 30, 2022 and 2021, respectively.

Comparative Financial Statements

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Functional Allocation of Expenses

The statements of activities and functional expenses report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, employee benefits and related taxes, occupancy, and overhead, which are allocated on the basis of actual and estimates of time and effort.

Subsequent Events

Management has evaluated subsequent events through October 27, 2022, the date the financial statements were available to be issued.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Organization had investments of \$3,187,290 and \$3,735,100 at June 30, 2022 and 2021, respectively, which can be drawn upon if necessary. Additionally, the Organization had board designated net assets amounting to \$758,867 and \$901,364 at June 30, 2022 and 2021, respectively. While the Organization does not intend to spend these board designated amounts for purposes other than those identified, the amounts could be made available for current operations if necessary.

NOTES TO THE FINANCIAL STATEMENTS

2. LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

The Organization's financial assets available to meet cash needs for general expenditures within one year were as follows at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash	\$ 201,899	\$ 218,560
Investments	3,187,290	3,735,100
Campaign pledges receivable - Net	642,832	577,782
Grants receivable	99,148	80,753
Interest receivable	7,238	6,948
Other receivables	<u>2,530</u>	<u>317</u>
Total financial assets, at year end	<u>4,140,937</u>	<u>4,619,460</u>
Less: Amounts unavailable for general expenditures within one year, due to:		
Accounts payable – Donor designations	437,205	438,948
Grants payable	425,446	466,541
Donor imposed restrictions	<u>963,593</u>	<u>1,065,410</u>
	<u>1,826,244</u>	<u>1,970,899</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,314,693</u>	<u>\$ 2,648,561</u>

The Organization holds investments to assist in the funding of future collaboratives (See Note 10).

3. INVESTMENTS

The fair value and cost of investments at June 30, 2022 and 2021, are as follows:

	<u>2022</u>		<u>2021</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Money market funds	\$ 91,967	\$ 91,967	\$ 177,106	\$ 177,106
Mutual funds	1,289,008	1,047,515	1,510,650	1,047,383
U.S. government bonds	189,392	200,000		
Certificates of deposit	<u>1,616,923</u>	<u>1,700,000</u>	<u>2,047,344</u>	<u>2,002,500</u>
	<u>\$ 3,187,290</u>	<u>\$ 3,039,482</u>	<u>\$ 3,735,100</u>	<u>\$ 3,226,989</u>

NOTES TO THE FINANCIAL STATEMENTS

4. BENEFICIAL INTEREST IN FUNDS HELD AT COMMUNITY FOUNDATION

The Organization is the beneficiary of an endowment fund held at the Foundation whose assets have a fair value of \$203,144 and \$233,711 at June 30, 2022 and 2021, respectively. These assets are subject to the Foundation's investment and payout policy. Because the Foundation holds variance power over a portion of the endowment fund, certain funds are not reported on the statement of financial position. Payouts to the Organization are made annually from the Foundation and amounted to \$9,345 and \$9,056 for the years ended June 30, 2022 and 2021, respectively.

The portion of the endowment fund discussed above in which the Organization is the beneficiary of, that the Foundation holds variance power over is \$21,134 and \$24,485 at June 30, 2022 and 2021, respectively. These funds are reported as beneficial interest in funds held at Community Foundation on the statement of financial position.

5. TRUST RECEIVABLE

The Organization is a 5.91% beneficiary of a remainder trust. The Organization will receive income from the trust through 2049. At that point, the Organization will be entitled to receive its share of the remaining principal. At June 30, 2022 and 2021, the Organization's portion of the fair market value of the trust is \$43,080 and \$45,763, respectively. The Organization received \$5,933 and \$5,791 in distributions from the trust for the years ended June 30, 2022 and 2021, respectively.

6. NOTE PAYABLE

On May 15, 2020, the Organization qualified and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), from Northwest Bank, for an aggregate principal amount of \$128,653 (the "PPP Loan"). In May 2021, forgiveness was granted by the SBA and \$128,653 was recognized as income on the accompanying statement of activities.

On March 15, 2021, the Organization qualified and received a second loan pursuant to the Paycheck Protection Program, a program implemented by the SBA under the CARES Act, from Northwest Bank, for an aggregate principal amount of \$125,500 (the "PPP Loan 2"). In August 2022, forgiveness was granted by the SBA and \$125,500 was recognized as income on the accompanying statement of activities.

NOTES TO THE FINANCIAL STATEMENTS

7. ACCRUED POSTEMPLOYMENT BENEFITS

The Organization sponsored a life insurance plan that was terminated in 2012. Funds not paid out to retired employees were allocated to employees active at the time the plan was terminated. These funds were put into an interest-bearing account with income and fees allocated ratably based on the original employee amount. Each employee's portion will be paid out upon employee retirement or forfeited to the Organization should an employee leave before retirement age. The balance of this account amounted to \$18,010 and \$20,731 at June 30, 2022 and 2021, respectively, and is included in investments on the statement of financial position. At June 30, 2022 and 2021, accrued postemployment benefits totaled \$18,010 and \$20,731, respectively.

8. BOARD DESIGNATED NET ASSETS

The Board of Directors has approved a reserve fund policy that designates a portion of net assets without donor restrictions of the Organization to provide for three months of allocations and three months of operations that may be required as a result of a significant downturn in the economy. These amounted to \$532,409 and \$561,643 at June 30, 2022 and 2021, respectively.

The Board of Directors has also approved a designation of net assets without donor restrictions of the Organization to provide for future community impact and community collaborations with various companies and organizations in Lorain County. These amounted to \$226,457 and \$339,721 at June 30, 2022 and 2021, respectively.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as follows at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Subject to the passage of time:		
Campaign pledges	\$ 842,282	\$ 834,502
Capital campaign contributions	-	600
Grants	57,097	160,060
Trust receivable	<u>43,080</u>	<u>45,763</u>
	942,459	1,040,925
Subject to Organization spending policy and appropriation:		
Investments in perpetuity and related investment activity which, once appropriated, are expendable to support program activities	<u>21,134</u>	<u>24,485</u>
Total net assets with donor restrictions	<u>\$ 963,593</u>	<u>\$ 1,065,410</u>

Included in net assets with donor restrictions at June 30, 2022 and 2021, is an endowment held at the Foundation where the principal must be held intact and is subject to the Foundation's investment policy.

NOTES TO THE FINANCIAL STATEMENTS

10. COMMITMENTS

Collaboratives

The Organization organizes and supports community collaboratives, which are groups of cross-sector organizations working formally together to create systems change and target the root causes of complex social problems in the community. Funding available to be allocated in 2022 for use in 2022 and 2023 amounted to \$1,018,564, with a balance to be paid at June 30, 2022, of \$425,446, which is included in grants payable on the statement of financial position. Remaining funds have been reserved for future community collaboratives and will be allocated as the community collaboratives are approved by the Board of Directors. Funding in future years is contingent upon certain levels of donor funding to the Organization.

Laws and Regulations

Laws and regulations over federal funds received by the Organization as a result of the CARES Act and the Consolidated Appropriations Act, 2021 (CAA Act) are complex and subject to interpretation. Potential noncompliance with these laws and regulations can be subject to future government review and interpretation as well as regulatory action. The Organization believes it is in compliance with all applicable laws and regulations and believes there are no material contingencies related to laws and regulations governing the Organization's use of federal funds.

11. RETIREMENT PLAN

The Organization maintains a 401(k) retirement plan which covers substantially all employees. The Organization will make matching contributions to each eligible employee's contribution up to 3% of the employee's compensation. In addition, the Organization will match 50% of the employee's contributions that exceed 3%, but not more than 5% of the employee's compensation. For the years ended June 30, 2022 and 2021, employer contributions totaled \$20,582 and \$21,546, respectively.