# The United Way of Greater Lorain County, Inc.

Financial Statements
June 30, 2023 and 2022

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THE UNITED WAY OF GREATER LORAIN COUNTY, INC.

JUNE 30, 2023 AND 2022

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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, 2023, 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, 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 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 27, 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.

Cohen & Company Ltd.

Cleveland, Ohio
October 27, 2023

# STATEMENT OF FINANCIAL POSITION

## JUNE 30, 2023 AND 2022

### ASSETS

| | 2023 | 2022 |
|---|---|---|
| **CURRENT ASSETS** | | |
| Cash | $ 180,437 | $ 201,899 |
| Investments | 3,016,907 | 3,187,290 |
| Campaign pledges receivable - Net of allowance for uncollectible pledges of $69,187 (2023) and $78,979 (2022) | 666,917 | 642,832 |
| Grant receivable | 65,480 | 99,148 |
| Interest receivable | 10,608 | 7,238 |
| Other receivables | 1,597 | 2,530 |
| Prepaids and deposits | 10,755 | 9,530 |
| | 3,952,701 | 4,150,467 |
| **PROPERTY AND EQUIPMENT** | | |
| Land | 9,100 | 9,100 |
| Building and improvements | 599,216 | 552,166 |
| Furniture and equipment | 90,526 | 90,526 |
| Computers and software | 89,061 | 92,154 |
| | 787,903 | 743,946 |
| Less: Accumulated depreciation | 285,607 | 247,536 |
| | 502,296 | 496,410 |
| **BENEFICIAL INTEREST IN FUNDS HELD AT COMMUNITY FOUNDATION** | 21,959 | 21,134 |
| **TRUST RECEIVABLE** | 46,460 | 43,080 |
| | $ 4,523,416 | $ 4,711,091 |

### LIABILITIES AND NET ASSETS

| | | 2023 | 2022 |
|---|---|---|---|
| **CURRENT LIABILITIES** | | | |
| Accounts payable | - Trade and dues | $ 47,774 | $ 139,242 |
| | - Donor designations | 380,155 | 437,205 |
| Grants payable | | 569,992 | 425,446 |
| Accrued expenses | | 35,862 | 50,936 |
| Deferred revenue | | 73,825 | 35,750 |
| | | 1,107,608 | 1,088,579 |
| **LONG-TERM LIABILITY** | | | |
| Accrued postemployment benefits | | - | 18,010 |
| | | 1,107,608 | 1,106,589 |
| **COMMITMENTS AND CONTINGENCIES** | | | |
| **NET ASSETS WITHOUT DONOR RESTRICTIONS** | | | |
| Undesignated | | 1,692,304 | 1,882,042 |
| Board designated | - Community impact | 71,962 | 226,458 |
| | - Allocation and operation reserve | 596,862 | 532,409 |
| | | 2,361,128 | 2,640,909 |
| **NET ASSETS WITH DONOR RESTRICTIONS** | | 1,054,680 | 963,593 |
| | | 3,415,808 | 3,604,502 |
| | | $ 4,523,416 | $ 4,711,091 |

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

# STATEMENT OF ACTIVITIES

## YEAR ENDED JUNE 30, 2023, WITH COMPARATIVE TOTALS FOR 2022

| | Without Donor Restrictions | With Donor Restrictions | Total 2023 | Total 2022 |
|---|---|---|---|---|
| PUBLIC SUPPORT AND REVENUE | | | | |
| Prior year campaign contributions | $ 34,249 | $ - | $ 34,249 | $ 55,614 |
| Net assets released from restrictions: | | | | |
| Prior year campaign contributions | 1,154,604 | (1,154,604) | - | - |
| Less: Provision for uncollectible pledges | (71,627) | 71,627 | - | - |
| Less: Donor designations | (240,694) | 240,694 | - | - |
| Purpose restricted grants released | 53,017 | (53,017) | - | - |
| Current year campaign contributions | 724,097 | 1,034,180 | 1,758,277 | 1,852,713 |
| Less: Provision for uncollectible pledges | - | (64,636) | (64,636) | (71,627) |
| Less: Donor designations | - | (198,018) | (198,018) | (240,694) |
| Designations from other United Ways | 67,877 | - | 67,877 | 110,312 |
| Less: Provision for uncollectible pledges | (4,242) | - | (4,242) | (6,894) |
| Grants | 464,093 | 210,091 | 674,184 | 434,232 |
| Paycheck Protection Program loan forgiveness | - | - | - | 125,500 |
| Bequests | 3,920 | - | 3,920 | 3,802 |
| Sponsorships | 2,500 | - | 2,500 | 5,000 |
| Gifts in-kind | 13,009 | - | 13,009 | 9,236 |
| Investment income - Net of investment fees | 148,883 | 825 | 149,708 | (254,441) |
| Change in fair market value of trust receivable | - | 3,380 | 3,380 | (2,683) |
| Service fees | 30,198 | - | 30,198 | 26,465 |
| Special event | 21,712 | - | 21,712 | 20,887 |
| Miscellaneous | 7,467 | - | 7,467 | 6,100 |
| Other contributions | - | 565 | 565 | 1,422 |
| Total public support and revenue | 2,409,063 | 91,087 | 2,500,150 | 2,074,944 |
| EXPENSES | | | | |
| Program service expenses: | | | | |
| Grants and community services | 1,589,147 | - | 1,589,147 | 1,401,949 |
| Information and referral | 125,835 | - | 125,835 | 124,928 |
| Financial Stability Free Tax Coalition | 77,071 | - | 77,071 | 76,548 |
| Homeless systems management | 79,020 | - | 79,020 | 29,663 |
| Transport initiatives | 165,886 | - | 165,886 | 195,005 |
| Total program service expenses | 2,036,959 | - | 2,036,959 | 1,828,093 |
| Other United Way expenses: | | | | |
| Fundraising | 290,455 | - | 290,455 | 269,234 |
| Agency administration | 361,430 | - | 361,430 | 344,497 |
| Total other United Way expenses | 651,885 | - | 651,885 | 613,731 |
| Total expenses | 2,688,844 | - | 2,688,844 | 2,441,824 |
| CHANGE IN NET ASSETS | (279,781) | 91,087 | (188,694) | (366,880) |
| NET ASSETS - BEGINNING OF YEAR | 2,640,909 | 963,593 | 3,604,502 | 3,971,382 |
| NET ASSETS - END OF YEAR | $ 2,361,128 | $ 1,054,680 | $ 3,415,808 | $ 3,604,502 |

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

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023, WITH COMPARATIVE TOTALS FOR 2022

| | Program | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Grants and Community Services | Information and Referral | Financial Stability Free Tax Coalition | Homeless Systems Management | Transportation Initiatives | Fundraising | Agency Administration | Total 2023 | Total 2022 |
| Grants to collaboratives | $ 1,247,544 | $ - | $ - | $ - | $ - | $ - | $ - | $ 1,247,544 | $ 1,018,564 |
| Salaries | 132,305 | 4,960 | 48,533 | 53,842 | 61,540 | 152,743 | 205,578 | 659,501 | 603,990 |
| Employee benefits | 22,871 | 1,011 | 7,672 | 13,843 | 17,222 | 27,164 | 36,518 | 126,301 | 112,783 |
| Payroll taxes | 9,916 | 383 | 4,388 | 4,119 | 5,064 | 11,429 | 15,557 | 50,856 | 45,524 |
| | 165,092 | 6,354 | 60,593 | 71,804 | 83,826 | 191,336 | 257,653 | 836,658 | 762,297 |
| AmeriCorps and interns | - | - | - | - | 4,868 | - | - | 4,868 | - |
| Board development | - | - | - | - | - | - | 1,752 | 1,752 | 275 |
| Campaign and other events | 1,139 | - | - | - | - | 2,265 | 96 | 3,500 | 3,851 |
| Community workshops | 4,013 | - | - | - | - | - | - | 4,013 | 1,733 |
| Contract services | 99,650 | 118,719 | 3,524 | 499 | 57,560 | - | - | 279,952 | 371,090 |
| Development materials | 147 | - | - | - | - | 4,962 | 248 | 5,357 | 4,405 |
| Household goods pilot | 3,179 | - | - | - | - | - | - | 3,179 | - |
| Information systems | 11,716 | - | 843 | 2,315 | 2,331 | 20,861 | 14,149 | 52,215 | 41,876 |
| Insurance | 1,958 | - | - | - | - | 2,451 | 3,299 | 7,708 | 7,906 |
| Maintenance and rental | 4,382 | - | - | - | - | 5,487 | 7,450 | 17,319 | 16,892 |
| Market research and advertising | 7,585 | 399 | 919 | 1,918 | 10,421 | 13,256 | 3,060 | 37,558 | 28,906 |
| National dues | 5,617 | - | - | - | - | 7,032 | 9,465 | 22,114 | 28,188 |
| Postage | 846 | - | - | - | - | 1,229 | 1,425 | 3,500 | 1,760 |
| Professional fees | 8,702 | 13 | 96 | - | - | 11,701 | 29,269 | 49,781 | 44,166 |
| Real estate assessment | - | - | - | - | - | - | - | - | 9,115 |
| Site coordinators | - | - | 10,315 | - | - | - | - | 10,315 | 8,052 |
| Subscriptions and dues | 281 | 330 | - | - | 801 | 351 | 2,477 | 4,240 | 3,128 |
| Supplies | 1,039 | - | 291 | 169 | 95 | 888 | 1,784 | 4,266 | 5,708 |
| Travel and conferences | 5,218 | 20 | 154 | 1,077 | 5,648 | 1,618 | 4,489 | 18,224 | 13,930 |
| Utilities and telephone | 3,901 | - | 336 | 336 | 336 | 4,884 | 6,573 | 16,366 | 17,111 |
| Volunteer engagement | 1,665 | - | - | - | - | 317 | 72 | 2,054 | 2,993 |
| | 161,038 | 119,481 | 16,478 | 6,314 | 82,060 | 77,302 | 85,608 | 548,281 | 611,085 |
| Other expenses: | | | | | | | | | |
| In-kind | 4,691 | - | - | - | - | 8,318 | - | 13,009 | 9,236 |
| Depreciation | 10,782 | - | - | 902 | - | 13,499 | 18,169 | 43,352 | 40,642 |
| | 15,473 | - | - | 902 | - | 21,817 | 18,169 | 56,361 | 49,878 |
| | $ 1,589,147 | $ 125,835 | $ 77,071 | $ 79,020 | $ 165,886 | $ 290,455 | $ 361,430 | $ 2,688,844 | $ 2,441,824 |

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

STATEMENT OF CASH FLOWS

YEARS ENDED JUNE 30, 2023 AND 2022

| | 2023 | 2022 |
|---|---|---|
| CASH FLOWS USED IN OPERATING ACTIVITIES | | |
| Change in net assets | $ (188,694) | $ (366,880) |
| Noncash items included in operating activities | | |
| Depreciation | 43,352 | 40,642 |
| Unrealized losses on investments | 71,512 | 360,303 |
| Realized gains on investments | (139,051) | (61,062) |
| (Increase) decrease in fair value of trust receivable | (3,380) | 2,683 |
| Forgiveness of Paycheck Protection Program loan | | (125,500) |
| Decrease in accrued postemployment benefits | (18,010) | (2,021) |
| Increase (decrease) in cash caused by changes in current items | | |
| Campaign pledges receivable - Net | (24,085) | (65,050) |
| Grant receivable | 33,668 | (18,078) |
| Interest receivable | (3,370) | (290) |
| Other receivables | 933 | (2,530) |
| Prepaids and deposits | (1,225) | (1,625) |
| Accounts payable - Trade and dues | (91,468) | 71,664 |
| Accounts payable - Donor designations | (57,050) | (1,743) |
| Grants payable | 144,546 | (41,095) |
| Accrued expenses | (15,074) | (7,080) |
| Deferred revenue | 38,075 | (37,250) |
| Net cash flow used in operations | (209,321) | (254,912) |
| | | |
| CASH FLOWS PROVIDED FROM INVESTING ACTIVITIES | | |
| Purchase of investments | (1,138,590) | (1,125,594) |
| Proceeds from redemption/sale of investments | 1,375,687 | 1,377,514 |
| Purchase of property and equipment | (49,238) | (13,669) |
| | 187,859 | 238,251 |
| | | |
| NET DECREASE IN CASH | (21,462) | (16,661) |
| | | |
| CASH - BEGINNING OF YEAR | 201,899 | 218,560 |
| | | |
| CASH - END OF YEAR | $ 180,437 | $ 201,899 |

*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.

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

In February 2016, the Financial Accounting Standards Board (FASB) issued accounting standards update (ASU) 2016-02, *Leases* (known as FASB Accounting Standards Codification [ASC] 842) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in ASC 842 is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, expanded disclosures are required about the nature and terms of lease agreements to enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The comparative information presented in the accompanying financial statements continues to be reported under prior lease guidance in accordance with ASC 840.

The Organization adopted the provisions of ASC 842 effective July 1, 2022, with certain practical expedients available. The adoption of ASC 842 did not have a material impact to the financial statements.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

*Contracts with Customers*

The Organization's revenue from contracts with customers consists primarily of service fees. Service fee income amounted to $30,198 and $26,465 for the years ended June 30, 2023 and 2022, respectively. Obligations for the service fees are satisfied and recognized at a point in time as the services are performed. As of June 30, 2023 and 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, 2023 and 2022. 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 $72,429 and $135,605 that have not been recognized for the years ended June 30, 2023 and 2022, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (continued)

*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, 2023 and 2022, are expected to be received within one year and are recorded at their net realizable value.

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, 2023 and 2022, 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.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment 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 |

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, 2023 and 2022, 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, 2023 and 2022, the Organization received $13,009 and $9,236, respectively, in donated media and other services.

Concentration of Risk

Pledges from one employer organization and its employees accounted for approximately 45% and 54% of public support and revenue for 2023 and 2022, respectively. The same organization and its employees accounted for approximately 26% and 24% of campaign pledges receivable at June 30, 2023 and 2022, 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, 2022, from which the summarized information was derived.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2023, 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 $3,016,907 and $3,187,290 at June 30, 2023 and 2022, respectively, which can be drawn upon if necessary. Additionally, the Organization had board designated net assets amounting to $668,824 and $758,867 at June 30, 2023 and 2022, 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.

The Organization's financial assets available to meet cash needs for general expenditures within one year were as follows at June 30, 2023 and 2022:

| | 2023 | 2022 |
|---|---|---|
| Cash | $ 180,437 | $ 201,899 |
| Investments | 3,016,907 | 3,187,290 |
| Campaign pledges receivable - Net | 666,917 | 642,832 |
| Grants receivable | 65,480 | 99,148 |
| Interest receivable | 10,608 | 7,238 |
| Other receivables | 1,597 | 2,530 |
| Total financial assets, at year end | 3,941,946 | 4,140,937 |

NOTES TO THE FINANCIAL STATEMENTS

2. LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

| | | |
|---|---|---|
| Less: Amounts unavailable for general expenditures within one year, due to: | | |
| Accounts payable - Donor designations | 380,155 | 437,205 |
| Grants payable | 569,992 | 425,446 |
| Donor imposed restrictions | 1,054,680 | 963,593 |
| | 2,004,827 | 1,826,244 |
| Total financial assets available to meet cash needs for general expenditures within one year | $ 1,937,119 | $ 2,314,693 |

The Organization holds investments to assist in the funding of future collaboratives (See Note 11).

3. 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, 2023 and 2022:

- Mutual funds and money market funds - Valued at the daily closing price as reported by the fund.
- Corporate obligations - Valued using pricing models maximizing the use of observable inputs for similar securities.
- 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 5).
- 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.

NOTES TO THE FINANCIAL STATEMENTS

3. FAIR VALUE MEASUREMENTS (Continued)

Assets measured at fair value are comprised of the following at June 30, 2023:

| Description | Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| Mutual funds | $ 1,281,550 | | |
| Money market funds | 246,736 | | |
| Corporate obligations | | $ 292,058 | |
| U.S. government bonds | | 480,404 | |
| Certificates of deposit | | 716,159 | |
| Trust receivable | | 46,460 | |
| Beneficial interest in funds held at Foundation | | | $ 21,959 |
| | $ 1,528,286 | $ 1,535,081 | $ 21,959 |

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

| Description | Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| 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 |
| | $ 1,380,975 | $ 1,849,395 | $ 21,134 |

Activity for Level 3 investments is as follows:

| | |
|---|---|
| Balance at July 1, 2021 | $ 24,485 |
| Change in value of funds held in trust by others | (3,351) |
| Balance at June 30, 2022 | 21,134 |
| Change in value of funds held in trust by others | 825 |
| Balance at June 30, 2023 | $ 21,959 |

See Notes 4, 5, and 6 for a description of the assets measured at fair value.

There were no transfers between levels in either year.

NOTES TO THE FINANCIAL STATEMENTS

4. INVESTMENTS

The fair value and cost of investments at June 30, 2023 and 2022, are as follows:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Fair Value | Cost | Fair Value | Cost |
| Mutual funds | $ 1,281,550 | $ 1,149,554 | $ 1,289,008 | $ 1,047,515 |
| Money market funds | 246,736 | 246,736 | 91,967 | 91,967 |
| Corporate obligations | 292,058 | 296,941 | - | - |
| U.S. government bonds | 480,404 | 497,380 | 189,392 | 200,000 |
| Certificates of deposit | 716,159 | 750,000 | 1,616,923 | 1,700,000 |
| | $ 3,016,907 | $ 2,940,611 | $ 3,187,290 | $ 3,039,482 |

Components of investment income (loss) for the years ended June 30, 2023 and 2022, are as follows:

| | 2023 | 2022 |
|---|---|---|
| Interest and dividends | $ 97,063 | $ 67,950 |
| Realized gains | 139,051 | 61,062 |
| Unrealized losses | (71,512) | (360,303) |
| Less: Investment fees | (14,894) | (23,150) |
| | $ 149,708 | $ (254,441) |

5. 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 $213,145 and $203,144 at June 30, 2023 and 2022, 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 $9,578 and $9,345 for the years ended June 30, 2023 and 2022, 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 $21,959 and $21,134 at June 30, 2023 and 2022, respectively. These funds are reported as beneficial interest in funds held at Community Foundation on the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

6. 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, 2023 and 2022, the Organization's portion of the fair market value of the trust is $46,460 and $43,080, respectively. The Organization received $6,555 and $5,933 in distributions from the trust for the years ended June 30, 2023 and 2022, respectively.

7. NOTE PAYABLE

On March 15, 2021, the Organization qualified and received a second 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) and Consolidated Appropriations Act (CAA Act), from Northwest Bank, for an aggregate principal amount of $125,500. In August 2022, forgiveness was granted by the SBA and $125,500 was recognized as income on the accompanying statement of activities.

8. 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 at June 30, 2022, and was included in investments on the statement of financial position. At June 30, 2022, accrued postemployment benefits totaled $18,010. In 2023, the Board approved payout of the funds.

9. BOARD DESIGNATED NET ASSETS

The Board of Directors has 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 $71,962 and $226,458 at June 30, 2023 and 2022, respectively.

The Board of Directors has also 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 $596,862 and $532,409 at June 30, 2023 and 2022, respectively.

NOTES TO THE FINANCIAL STATEMENTS

## 10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as follows at June 30, 2023 and 2022:

| | 2023 | 2022 |
|---|---|---|
| Subject to the passage of time: | | |
| Campaign pledges | $ 772,090 | $ 842,282 |
| Grants | 214,171 | 57,097 |
| Trust receivable | 46,460 | 43,080 |
| | 1,032,721 | 942,459 |
| Subject to Organization spending policy and appropriation: | | |
| Investments in perpetuity and related investment activity which, once appropriated, are expendable to support program activities | 21,959 | 21,134 |
| Total net assets with donor restrictions | $ 1,054,680 | $ 963,593 |

Included in net assets with donor restrictions at June 30, 2023 and 2022, is an endowment held at the Foundation where the principal must be held intact and is subject to the Foundation's investment policy.

## 11. COMMITMENTS AND CONTINGENCIES

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 2023 for use in 2023 and 2024 amounted to $1,247,544, with a balance to be paid at June 30, 2023, 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 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.

NOTES TO THE FINANCIAL STATEMENTS

12. 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, 2023 and 2022, employer contributions totaled \$25,870 and \$20,582, respectively.