

**United Way of Licking County, Inc.**

Financial Statements

June 30, 2020 and 2019

(with Independent Auditors' Report)

## TABLE OF CONTENTS

Independent Auditors' Report .....	1
Financial Statements:	
Statements of Financial Position .....	2
Statements of Activities .....	3
Statements of Functional Expenses .....	4-7
Statements of Cash Flows .....	8
Notes to the Financial Statements .....	9-19

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
United Way of Licking County, Inc.  
Newark, Ohio

**Report on the Financial Statements**

We have audited the accompanying financial statements of United Way of Licking County, Inc. (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Licking County, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Clark, Schaefer, Hackett & Co.*

Columbus, Ohio  
December 30, 2020

United Way of Licking County, Inc.  
 Statements of Financial Position  
 June 30, 2020 and 2019

Assets

	2020	2019
Current assets:		
Cash and cash equivalents	\$ 1,625,829	1,284,544
Pledges receivable, net of allowance of \$222,533 and \$92,896, respectively	271,985	649,583
Short-term investments	-	116,376
Prepaid expenses and other assets	14,105	6,748
	1,911,919	2,057,251
Beneficial interest	254,941	240,706
Long-term investments	365,855	351,891
	620,796	592,597
Property and equipment:		
Office furniture and fixtures	148,314	135,153
Less accumulated depreciation	114,661	105,997
	33,653	29,156
Total assets	\$ 2,566,368	2,679,004
Liabilities and Net Assets		
Current liabilities:		
Allocations and designations payable	\$ 710,375	1,152,115
Accounts payable	-	9,948
Accrued expenses	29,016	29,013
Note payable - SBA Paycheck Protection Program	22,416	-
	761,807	1,191,076
Net assets (deficit):		
Net assets without donor restrictions	212,744	(415,592)
Net assets with donor restrictions	1,591,817	1,903,520
	1,804,561	1,487,928
Total liabilities and net assets	\$ 2,566,368	2,679,004

See accompanying notes to the financial statements.

United Way of Licking County, Inc.  
Statements of Activities  
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Changes in net assets without donor restriction:		
Revenue and support:		
Prior campaign contributions, net of allowance	\$ 92,259	45,089
Donations in-kind	-	1,459
Investment return on non-endowment assets, net	18,950	5,290
Miscellaneous income	247,446	60,888
Administrative fees retained on amounts designated by donors for specific organizations	<u>3,994</u>	<u>4,142</u>
	362,649	116,868
Net assets released from restrictions	<u>1,575,788</u>	<u>1,542,112</u>
	1,938,437	1,658,980
Total revenue and support without donor restriction	<u>1,938,437</u>	<u>1,658,980</u>
Expenses:		
Program services-		
Allocation services	1,032,576	1,406,160
Support services:		
General and administrative	61,803	58,591
Fundraising	<u>215,722</u>	<u>200,560</u>
Total expenses	<u>1,310,101</u>	<u>1,665,311</u>
Change in net assets without donor restriction	<u>628,336</u>	<u>(6,331)</u>
Changes in net assets with donor restriction:		
Current campaign results, net of allowance	1,289,994	1,598,883
Less: Amounts designated by donors for specific organizations	<u>46,325</u>	<u>29,547</u>
Total campaign contributions, net of allowance	1,243,669	1,569,336
Investment return on endowment assets, net	20,416	32,037
Net assets released from restrictions	<u>(1,575,788)</u>	<u>(1,542,112)</u>
Change in net assets with donor restriction	<u>(311,703)</u>	<u>59,261</u>
Change in net assets	316,633	52,930
Net assets, beginning of year	<u>1,487,928</u>	<u>1,434,998</u>
Net assets, end of year	<u>\$ 1,804,561</u>	<u>1,487,928</u>

See accompanying notes to the financial statements.

United Way of Licking County, Inc.  
Statement of Functional Expenses  
Year Ended June 30, 2020

	Program Services	Support Services			Total Expenses
	Allocation Services	General and Administrative	Fundraising	Total Support Services	
Salaries and wages	\$ 114,716	36,944	97,110	134,054	248,770
Employee benefits	19,616	6,317	16,605	22,922	42,538
Payroll taxes	10,234	3,296	8,664	11,960	22,194
<b>Total salaries and related expenses</b>	<b>144,566</b>	<b>46,557</b>	<b>122,379</b>	<b>168,936</b>	<b>313,502</b>
Grants (allocations/awards)	758,772	-	-	-	758,772
Professional development	251	662	269	931	1,182
Management/HR fees	6,500	1,608	5,500	7,108	13,608
Accounting fees	5,121	1,310	5,479	6,789	11,910
Audit fees	6,493	1,661	6,946	8,607	15,100
Contract services	36,066	-	-	-	36,066
Advertising	5,325	114	11,127	11,241	16,566
Bank fees	1,290	330	1,382	1,712	3,002
Licenses and permits	60	-	31	31	91
Postage	1,304	145	1,577	1,722	3,026
Subscriptions	1,257	322	1,881	2,203	3,460
Supplies and equipment	4,061	809	4,363	5,172	9,233
Telephone	3,168	810	3,390	4,200	7,368
Website	650	90	374	464	1,114
Network support	6,128	1,567	6,555	8,122	14,250
Rent/storage	12,726	3,255	13,613	16,868	29,594
Building supplies	999	251	1,050	1,301	2,300

See accompanying notes to the financial statements.

United Way of Licking County, Inc.  
Statement of Functional Expenses (continued)  
Year Ended June 30, 2020

	Program Services	Support Services			Total Expenses
	Allocation Services	General and Administrative	Fundraising	Total Support Services	
Travel/attend community meetings	1,659	210	300	510	2,169
Conferences/workshops/events	12,179	116	4,052	4,168	16,347
Printing/copying	1,815	105	14,505	14,610	16,425
United Way Worldwide	13,122	-	-	-	13,122
Dues-other (prof orgs, chambers, etc)	2,453	424	1,875	2,299	4,752
Depreciation	3,725	953	3,986	4,939	8,664
Insurance	1,810	463	1,937	2,400	4,210
Other	1,076	41	3,151	3,192	4,268
	<u>1,032,576</u>	<u>61,803</u>	<u>215,722</u>	<u>277,525</u>	<u>1,310,101</u>
	\$				

See accompanying notes to the financial statements.

United Way of Licking County, Inc.  
Statement of Functional Expenses  
Year Ended June 30, 2019

	Program Services	Support Services			Total Expenses
	Allocation Services	General and Administrative	Fundraising	Total Support Services	
Salaries and wages	\$ 136,375	34,070	95,008	129,078	265,453
Employee benefits	21,305	5,323	14,842	20,165	41,470
Payroll taxes	13,267	3,314	9,244	12,558	25,825
<b>Total salaries and related expenses</b>	<b>170,947</b>	<b>42,707</b>	<b>119,094</b>	<b>161,801</b>	<b>332,748</b>
Grants (allocations/awards)	1,116,050	-	-	-	1,116,050
Professional development	1,093	3,926	61	3,987	5,080
In-kind donations	759	146	554	700	1,459
Management/HR fees	10,000	-	14,000	14,000	24,000
Accounting fees	6,453	1,241	4,716	5,957	12,410
Audit fees	7,800	1,500	5,700	7,200	15,000
Contract services	1,042	200	762	962	2,004
Advertising	3,240	-	10,954	10,954	14,194
Bank fees	1,619	311	1,183	1,494	3,113
Licenses and permits	-	-	50	50	50
Postage	645	116	2,753	2,869	3,514
Subscriptions	827	159	933	1,092	1,919
Supplies and equipment	5,067	541	2,339	2,880	7,947
Telephone	2,469	475	1,804	2,279	4,748
Website	55	11	40	51	106
Network support	8,781	1,688	6,417	8,105	16,886
Rent/storage	15,474	2,976	11,308	14,284	29,758
Building supplies	1,250	237	856	1,093	2,343

See accompanying notes to the financial statements.



United Way of Licking County, Inc.  
Statement of Functional Expenses (continued)  
Year Ended June 30, 2019

	Program Services	Support Services			Total Expenses
	Allocation Services	General and Administrative	Fundraising	Total Support Services	
Travel/attend community meetings	1,801	40	208	248	2,049
Conferences/workshops/events	18,649	56	1,109	1,165	19,814
Printing/copying	2,921	71	5,646	5,717	8,638
Interest	59	11	44	55	114
United Way Worldwide	17,439	-	-	-	17,439
Ohio United Way	1,336	257	976	1,233	2,569
Dues-other (prof orgs, chambers, etc)	1,434	97	369	466	1,900
Depreciation	4,428	851	3,236	4,087	8,515
Insurance	2,215	426	1,619	2,045	4,260
Program supplies	26	-	-	-	26
CPC funds	34	-	-	-	34
Other	2,247	548	3,829	4,377	6,624
	<u>1,406,160</u>	<u>58,591</u>	<u>200,560</u>	<u>259,151</u>	<u>1,665,311</u>
	\$				

See accompanying notes to the financial statements.

United Way of Licking County, Inc.  
Statements of Cash Flows  
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 316,633	52,930
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	8,664	8,515
Change in value of beneficial interest	(14,235)	(706)
Realized/unrealized gain on investments	(15,509)	(26,998)
Change in pledge receivable allowance	129,637	(47,440)
Income from note payable - SBA Paycheck Protection Program	(43,272)	-
Effects of changes in operating assets and liabilities:		
Pledges receivable	247,961	78,913
Prepaid expenses and other assets	(7,357)	1,995
Allocations and designations payable	(441,740)	73,750
Accounts payable	(9,948)	5,831
Accrued expenses	<u>3</u>	<u>5,557</u>
Net cash provided by operating activities	<u>170,837</u>	<u>152,347</u>
Cash flows from investing activities:		
Contribution of beneficial interest	-	(240,000)
Purchase of property and equipment	(13,161)	(7,447)
Proceeds from sale/maturity of investments	166,455	39,114
Purchase of investments	<u>(48,534)</u>	<u>(37,466)</u>
Net cash used in investing activities	<u>104,760</u>	<u>(245,799)</u>
Cash flows from financing activities:		
Proceeds from note payable - SBA Paycheck Protection Program	<u>65,688</u>	<u>-</u>
Change in cash and cash equivalents	341,285	(93,452)
Cash and cash equivalents, beginning of year	<u>1,284,544</u>	<u>1,377,996</u>
Cash and cash equivalents, end of year	<u>\$ 1,625,829</u>	<u>1,284,544</u>

See accompanying notes to the financial statements.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting principles and practices of United Way of Licking County, Inc. are set forth to facilitate the understanding of data presented in the financial statements:

### **Nature of activities**

United Way of Licking County, Inc. (the Agency) is a not-for-profit corporation organized for the purpose of developing and conducting annual contribution campaigns to raise funds for the operation of health and human services organizations in Licking County, Ohio.

### **Basis of accounting**

The financial statements of the Agency have been prepared in accordance with accounting principles generally accepted in the United States of America and, accordingly, reflect all significant receivables, payables, and other liabilities.

### **Basis of presentation**

The financial statements of the Agency have been prepared in accordance with GAAP, which requires the Agency to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Agency. These net assets may be used at the discretion of the Agency's management and the Board of Directors.
- 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 likely be met by actions of the Agency or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

### **Adoption of new accounting standard**

During 2020, the Agency adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. The ASU, as updated, represents a comprehensive overhaul of substantially all previous revenue recognition guidance within U.S. GAAP. Additionally, the ASU requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Agency adopted the new standard effective July 1, 2019, the first day of the Agency's fiscal year using the modified retrospective approach.

As part of the adoption of the ASU, the Agency elected the following transition practical expedients: (i) to reflect the aggregate of all contract modifications that occurred prior to the date of initial application when identifying satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price; and (ii) to apply the standard only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients. Management has analyzed the provisions of the ASU and have concluded that no changes are necessary to conform with the new standard.

During 2020, the Agency adopted Accounting Standards Update 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard provides guidance on determining whether a transaction should be accounted for as a contribution or as an exchange transaction and whether a contribution is considered conditional. The presentation of the Agency's financial statements has not been changed as a result of the standard.

### **Cash and cash equivalents**

For purposes of the statements of cash flows, the Agency considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, unless restricted by a donor.

**Pledges receivable**

Pledges receivable consist primarily of pledges due from individuals and companies throughout the community due in less than one year. The receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to campaign contributions in the statements of activities and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables.

**Short-term investments**

Short-term investments consist of certificates of deposit and are carried at cost, plus accrued interest in the accompanying statements of financial position.

**Beneficial interest**

Beneficial interest represents the Agency's interest in investments held by Licking County Foundation. The underlying holdings are all based on unadjusted quoted market prices and the related investment income, realized and unrealized gains and losses net of investment fees included in the accompanying statements of activities as investment return on non-endowment assets, net.

**Long-term investments**

The Agency carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the accompanying statements of financial position. Unrealized gains and losses, as well as interest and dividends, are included in the change in net assets in the accompanying statements of activities net of investment expenses.

**Property and equipment**

Property and equipment are recorded at cost when purchased or at fair value at the date of donation. Expenditures that materially increase values or extend the useful lives of property and equipment are capitalized. Depreciation on property and equipment is provided using the straight-line method over the estimated useful lives

**Allocations and designations payable**

Allocations to United Way funded agencies are reported as expenses when unconditionally committed to the recipient by the Agency. Allocations represent ongoing operational support to recipients and are expected to be paid within a year.

The Agency receives pledges from donors designating the resources to specified agencies. The Agency collects these resources and disburses the funds to the designated agencies. Designated pledges are excluded from contribution revenue and are represented as amounts designated by donors for specific organizations in the accompanying statements of activities. The related disbursements to specified agencies are excluded from allocations in the accompanying statements of activities. Designations of \$44,678 and \$34,847 remained outstanding as of June 30, 2020 and 2019, respectively, and are included in allocations and designations payable in the accompanying statements of financial position.

**Revenue and support with and without restriction**

Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restrictions expire (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished) in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restriction, depending on the nature of the restriction. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

**Revenue recognition**

The Agency's primary revenue and support is obtained from contributions, investment income, appreciation/depreciation of investments, and events revenue. Revenues from contributions are recognized when a donor's unconditional commitment is received.

Events revenue is based on the satisfaction of performance obligations at a point in time, which is the completion of the event.

**Donated services**

Many individuals volunteer their time and talent to perform a variety of tasks without which the Agency could not successfully conduct its programs. However, only services that meet the criteria for recognition under generally accepted accounting principles are recorded in the financial statements.

**Expense allocation**

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services based upon how employees spend their time. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

**Advertising expense**

The production costs of advertising are expensed as incurred.

**Income taxes**

The Agency is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Agency qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). As such, no provision has been made for federal income taxes in the financial statements.

**Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Subsequent events**

The Agency evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through December 30, 2020, the date on which the financial statements were available to be issued.

**2. DESCRIPTION OF PROGRAM SERVICES:**

The Agency's primary programs are as follows:

**Funds Distribution**

The Community Impact Division reviews and evaluates all requests for program funding and recommends action for allocations, allotments, and their appeal to the Board in accordance with existing policies. The division also monitors programs and agency operations to assure adherence to accepted purposes, reviews all requests for new agencies and programs, and conducts annual site visits to all participating United Way agencies.

**Funds Development**

Funds Development assures year to year continuity in fundraising strategies as well as ensures a year-round focus on fundraising. The division also oversees the development and annual update of a Funds Development Plan to enhance and expand the total dollars raised, including but not limited to the annual campaign, endowment fund development, events, grant writing, major gifts, and planned giving.

### **3. CONCENTRATION OF CREDIT RISK:**

The Agency maintains its cash balances in several financial institutions located in Ohio. Cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. At times during the year, the Agency's cash balances exceeded the FDIC insurance amount. Management believes the risk in these situations to be minimal.

### **4. BENEFICIAL INTEREST:**

The Agency has made contributions to Licking County Foundation (the Foundation). The contributions were made primarily to stimulate contributions from third parties and so that these funds could be managed using the Foundation's investment management expertise, with the expectation that the Agency could periodically, as determined by the Agency's Board of Directors, take distributions to fund the Agency's operations. If the Agency ceases to exist or if the Board of Directors of either the Agency or the Foundation determines that support of the Agency is no longer necessary or is inconsistent with the needs of the community, the Foundation retains the right to substitute another beneficiary in the place of the Agency. The possibility that these circumstances will arise is remote. The funds held by the Foundation on behalf of the Agency are aggregated and shown as a beneficial interest in the accompanying statements of financial position.

### **5. FAIR VALUE MEASUREMENTS:**

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value. Investments in debt securities are valued based on observable inputs including, but not limited to time to maturity, effective and current interest rates and principal amount. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities the Agency has the ability to access.
- Level 2 inputs (other than quoted prices included within level 1) are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

The following tables present the Agency's fair value hierarchy for those assets measured at fair value on a recurring basis at June 30, 2020.

Description	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Long-term investments:				
Money market funds	\$ <u>7,089</u>	<u>7,089</u>	<u>-</u>	<u>-</u>
Equity securities - by sector:				
Consumer discretionary	21,387	21,387	-	-
Consumer staples	8,204	8,204	-	-
Energy	4,316	4,316	-	-
Finance	12,307	12,307	-	-
Healthcare	19,429	19,429	-	-
Industrials	30,757	30,757	-	-
Information technology	61,460	61,460	-	-
Materials	5,361	5,361	-	-
Telecommunications	7,535	7,535	-	-
Utilities	<u>1,198</u>	<u>1,198</u>	<u>-</u>	<u>-</u>
	<u>171,954</u>	<u>171,954</u>	<u>-</u>	<u>-</u>
International equity securities	<u>10,524</u>	<u>10,524</u>	<u>-</u>	<u>-</u>
Equity mutual funds	<u>40,296</u>	<u>40,296</u>	<u>-</u>	<u>-</u>
Real estate investment trusts	<u>6,439</u>	<u>6,439</u>	<u>-</u>	<u>-</u>
Fixed income mutual funds	<u>129,553</u>	<u>129,553</u>	<u>-</u>	<u>-</u>
	\$ <u>365,855</u>	<u>365,855</u>	<u>-</u>	<u>-</u>
Beneficial interest	\$ <u>254,941</u>	<u>-</u>	<u>-</u>	<u>254,941</u>

The following tables present the Agency's fair value hierarchy for those assets measured at fair value on a recurring basis at June 30, 2019.

Description	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Long-term investments:				
Money market funds	\$ <u>14,477</u>	<u>14,477</u>	<u>-</u>	<u>-</u>
Equity securities - by sector:				
Consumer discretionary	25,103	25,103	-	-
Consumer staples	11,370	11,370	-	-
Energy	8,609	8,609	-	-
Finance	20,130	20,130	-	-
Healthcare	18,033	18,033	-	-
Industrials	22,111	22,111	-	-
Information technology	45,497	45,497	-	-
Materials	4,527	4,527	-	-
Telecommunications	7,907	7,907	-	-
Utilities	<u>1,324</u>	<u>1,324</u>	<u>-</u>	<u>-</u>
	<u>164,611</u>	<u>164,611</u>	<u>-</u>	<u>-</u>
International equity securities	<u>11,737</u>	<u>11,737</u>	<u>-</u>	<u>-</u>
Equity mutual funds	<u>41,156</u>	<u>41,156</u>	<u>-</u>	<u>-</u>
Real estate investment trusts	<u>4,370</u>	<u>4,370</u>	<u>-</u>	<u>-</u>
Fixed income mutual funds	<u>115,540</u>	<u>115,540</u>	<u>-</u>	<u>-</u>
	\$ <u>351,891</u>	<u>351,891</u>	<u>-</u>	<u>-</u>
Beneficial interest	\$ <u>240,706</u>	<u>-</u>	<u>-</u>	<u>240,706</u>



## 6. ENDOWMENT FUND:

The Agency's endowment consists of the Lydia Schleiffer Fund. Net assets associated with the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Agency has interpreted Ohio's adoption of UPMIFA (OUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Agency classifies as perpetually restricted net assets (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in perpetually restricted net assets is classified as restricted net assets until those amounts are appropriated for expenditure by the Agency in a manner consistent with the standard of prudence prescribed by OUPMIFA. In accordance with OUPMIFA, the Agency considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Agency and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Agency
- (7) The investment policies of the Agency

### **Appropriation of endowment assets for expenditures**

Appropriations for expenditures from the fund are evaluated by the Funds Development Division and Finance/Audit/Operational Excellence Committee and a recommendation is made to the Agency's Board of Directors.

### **Investment policy of endowment assets**

The Agency's investment policy is reviewed periodically (at least once a year) by the Agency's Finance/Audit/Operational Excellence Committee and the Agency's investment advisors. The current policies are described below.

*Primary purpose:* The primary purpose of the investment policy is to provide the basis for the Agency's investment advisors to make investment decisions and recommendations.

*Investment advisor authority:* Discretionary, but must receive Finance/Audit/Operational Excellence Committee's approval when adding new investment positions.

*Objective:* To provide sufficient assets to meet the financial goals and funding needs of the Agency.

*Time horizon:* The portfolio's investment time horizon of more than five years is the primary factor considered in determining the investment asset allocation.

*Risk factors:* The fund's risk factors, including inflation effects, return expectations, risk tolerance, financial IQ, current financial outlook, and investment preference are considered in determining the investment asset allocation.

*Gifting policy:* Unless instructed by the donor, in-kind gifts to the fund will be immediately sold and the proceeds invested.

*Portfolio cash flow:* Interest, mutual fund dividends and all distributions on stocks will be paid in cash. Capital gains distributions on mutual funds will be reinvested in accordance with the investment policy.

*Cash reserve target:* Determined by the anticipated cash needs of the Agency and is reviewed periodically.

Changes in the endowment net assets for the fiscal year ended June 30, 2020 consisted of the following:

<u>June 30, 2020</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 17,707	334,184	351,891
Investment return:			
Investment income	-	8,431	8,431
Fees	-	(3,524)	(3,524)
Realized/unrealized gain	-	15,509	15,509
	<u>-</u>	<u>20,416</u>	<u>20,416</u>
Funds appropriated for expenditure	<u>6,452</u>	<u>(6,452)</u>	<u>-</u>
Funds expended from endowment	<u>(6,452)</u>	<u>-</u>	<u>(6,452)</u>
Endowment net assets, end of year	\$ <u><u>17,707</u></u>	<u><u>348,148</u></u>	<u><u>365,855</u></u>

Changes in the endowment net assets for the fiscal year ended June 30, 2019 consisted of the following:

<u>June 30, 2019</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 17,707	309,444	327,151
Investment return:			
Investment income	-	8,386	8,386
Fees	-	(3,347)	(3,347)
Realized/unrealized gain	-	26,998	26,998
	<u>-</u>	<u>32,037</u>	<u>32,037</u>
Funds appropriated for expenditure	<u>7,297</u>	<u>(7,297)</u>	<u>-</u>
Funds expended from endowment	<u>(7,297)</u>	<u>-</u>	<u>(7,297)</u>
Endowment net assets, end of year	\$ <u><u>17,707</u></u>	<u><u>334,184</u></u>	<u><u>351,891</u></u>

**7. NOTE PAYABLE – SBA PAYCHECK PROTECTION PROGRAM:**

As a result of COVID-19, the Agency applied for a Paycheck Protection Plan loan (PPP loan) for \$65,688 with a rate of 1%, which was approved and received on April 30, 2020 with a maturity date of April 30, 2022. As of June 30, 2020, the Agency has determined the Agency will seek forgiveness for the full amount. The related revenue from the forgiveness of \$43,272 is included in miscellaneous income on the statement of activities for the year ended June 30, 2020. The remaining \$22,416 is included as a note payable on the statement of financial position at June 30, 2020 and will be forgiven as qualifying expenses are paid.

**8. NET ASSETS:**

In May 2014, the Agency’s Board of Directors designated \$240,000 of net assets without donor restriction as an operating reserve. The purpose of the reserve is to support strategic business practices and to:

- Manage cash flow interruptions
- Minimize the need for borrowing working capital
- Meet commitments, obligations or other contingencies
- Provide flexibility for new organizational priorities
- Generate investment income
- Assist the community in the event of a disaster

Net assets with donor restrictions consist of:

	2020	2019
Campaign contributions - net	\$ 1,243,669	1,569,336
Earnings on endowment assets	180,391	166,427
Assets to be held in perpetuity	167,757	167,757
	\$ 1,591,817	1,903,520

Campaign contributions carry an implied time restriction on current year contributions since the funds will be expended in the following fiscal year. The restriction will be released as the funds are expended. Earnings on endowment assets carry an implied time restriction until such earnings are appropriated for expenditure by the Agency’s Board of Directors.

**9. RETIREMENT PLAN:**

The Agency maintains a tax deferred annuity plan under Section 403(b) of the Internal Revenue Code. All employees may contribute to the plan; however, employees must be at least 21 years of age and have one or more years of service to receive employer contributions. The Agency makes monthly contributions on the participating employees’ behalf equal to 5% of compensation. Employer contributions and accrued earnings are fully vested after four years. The Agency contributed \$11,856 and \$12,313 to the Plan for the years ended June 30, 2020 and 2019, respectively.

**10. NATIONAL AND STATE ASSOCIATION DUES:**

The Agency pays annual dues to United Way Worldwide and Ohio United Way that are based on a percentage of in-county income. For the years ended June 30, 2020 and 2019, the dues totaled \$13,122 and \$20,008, respectively.

**11. DONATIONS IN-KIND:**

The Agency receives public service announcements from various local media outlets, as well as various other services such as web site maintenance and free room rentals for Board meetings. The estimated fair value of the donated items totaled \$-0- and \$1,459 for the years ended June 30, 2020 and 2019, respectively, which has been included in donations in-kind in the statements of activities and statements of functional expenses.

**12. OPERATING LEASES:**

The Agency leases office space in Newark, Ohio. The lease commenced on July 1, 2013 and is scheduled to expire on June 30, 2023. There is an option to renew the lease for one additional year at an increased monthly rental.

The Agency leases a copier for use in their Newark office. The lease commenced on July 1, 2017 and is scheduled to expire on June 30, 2022.

The following is a schedule of future minimum rental payments required under the leases as of June 30, 2020:

Year Ending June 30:

2021	\$	33,948
2022		33,948
2023		<u>29,160</u>
	\$	<u>97,056</u>

Annual lease expense was \$29,594 and \$29,758 for the years ended June 30, 2020 and 2019, respectively.

**13. ADVERTISING:**

The Agency uses advertising to promote awareness in the community. Advertising costs totaled \$16,566 and \$14,194 during the years ended June 30, 2020 and 2019, respectively.

**14. CONCENTRATIONS:**

As of June 30, 2020 and 2019, pledges receivable due from two sources represented 26% and 36% of the Agency's gross pledges receivable balance, respectively.

During the years ended June 30, 2020 and 2019, campaign contributions from one and two sources represented 22% and 38% of total gross campaign contributions with donor restriction, respectively.

**15. LIQUIDITY:**

The Agency is substantially supported by contributions, and some with donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Agency must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. As part of the Agency'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.

The following table presents financial assets available to meet cash needs for general expenditures within one year at June 30:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 1,625,829	1,284,544
Short-term investments	-	116,376
Beneficial interest	254,941	240,706
Long-term investments	365,855	351,891
Pledges receivable	<u>271,985</u>	<u>649,583</u>
Financial assets available at year-end	2,518,610	2,643,100
Less those unavailable for general expenditures within one year:		
Restricted by donor with time or purpose restriction	1,591,817	1,903,520
Beneficial interest	<u>254,941</u>	<u>240,706</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u><u>671,852</u></u>	<u><u>498,874</u></u>

**16. CONTINGENCY DISCLOSURES:**

During the 2020 fiscal year, an outbreak of a novel strain of coronavirus (COVID-19) has disrupted supply chains and affected production and sales across a range of industries. The extent of the impact of COVID-19 on the Agency's performance and the Agency's investments will depend on certain developments, including the duration and spread of the outbreak. Impact to the Agency at year end has been recorded within the financial statements. However, the extent to which COVID-19 may impact the Agency going forward is uncertain at this time.