

United Way of Licking County, Inc.

Financial Statements

December 31, 2025 and 2024

(with Independent Auditors' Report)

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of United Way of Licking County, Inc. (a not-for-profit organization), which comprise the statements of assets and net assets – modified cash basis as of December 31, 2025 and 2024, and the related statements of revenues, expenses, and changes in net assets – modified cash basis and functional expenses – modified cash basis for the years 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 statements of assets and net assets of United Way of Licking County, Inc. as of December 31, 2025 and 2024, and the statements of revenue, expenses, and changes in net assets for the years then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinion

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

Basis for Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an appropriate financial reporting framework for the United Way of Licking County, Inc., 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.

Auditors' 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 auditors' 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 Licking 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 Licking 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 audits.

Clark, Schaefer, Hackett & Co.

Columbus, Ohio
February 25, 2026

United Way of Licking County, Inc.
Statements of Assets and Net Assets – Modified Cash Basis
December 31, 2025 and 2024

Assets

	<u>2025</u>	<u>2024</u>
Current assets:		
Cash and cash equivalents	\$ 1,028,590	1,183,682
Operating reserve	<u>240,000</u>	<u>240,000</u>
	<u>1,268,590</u>	<u>1,423,682</u>
Beneficial interest	527,037	458,231
Long-term investments	<u>525,833</u>	<u>486,901</u>
	<u>1,052,870</u>	<u>945,132</u>
Property and equipment:		
Office furniture and fixtures	96,884	89,854
Less accumulated depreciation	<u>73,739</u>	<u>66,751</u>
	<u>23,145</u>	<u>23,103</u>
Total assets	\$ <u>2,344,605</u>	<u>2,391,917</u>

Net Assets

Net assets:		
Net assets without donor restrictions:		
Net assets with board designations	\$ 240,000	240,000
Net assets without board designations	1,071,156	1,180,172
Net assets with donor restrictions	<u>1,033,449</u>	<u>971,745</u>
Total net assets	\$ <u>2,344,605</u>	<u>2,391,917</u>

See accompanying notes to the financial statements.

United Way of Licking County, Inc.
Statements of Revenues, Expenses and Changes in Net Assets – Modified Cash Basis
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Changes in net assets without donor restriction:		
Revenue and support:		
Prior campaign contributions	\$ 752,644	906,816
Investment return on non-endowment assets, net	92,269	79,296
Miscellaneous income	<u>162,727</u>	<u>204,223</u>
	1,007,640	1,190,335
Net assets released from restrictions	<u>501,040</u>	<u>562,765</u>
	1,508,680	1,753,100
Total revenue and support without donor restriction	<u>1,508,680</u>	<u>1,753,100</u>
Expenses:		
Program services:		
Allocation services	1,227,739	1,439,223
Support services:		
General and administrative	249,801	205,507
Fundraising	<u>140,156</u>	<u>199,513</u>
	1,617,696	1,844,243
Total expenses	<u>1,617,696</u>	<u>1,844,243</u>
Change in net assets without donor restriction	<u>(109,016)</u>	<u>(91,143)</u>
Changes in net assets with donor restriction:		
Current campaign results	<u>437,322</u>	<u>420,529</u>
	437,322	420,529
Total campaign contributions	437,322	420,529
Other contributions	76,520	225,000
Investment return on endowment assets, net	48,902	43,497
Net assets released from restrictions	<u>(501,040)</u>	<u>(562,765)</u>
	61,704	126,261
Change in net assets with donor restriction	<u>61,704</u>	<u>126,261</u>
Change in net assets	(47,312)	35,118
Net assets, beginning of year	<u>2,391,917</u>	<u>2,356,799</u>
Net assets, end of year	\$ <u>2,344,605</u>	<u>2,391,917</u>

See accompanying notes to the financial statements.

United Way of Licking County, Inc.
Statement of Functional Expenses – Modified Cash Basis
Year Ended December 31, 2025

	Program Services	Support Services			
	Allocation Services	General and Administrative	Fundraising	Total Support Services	Total Expenses
Salaries	\$ 158,448	136,339	73,697	210,036	368,484
Employee benefits	14,432	12,418	6,713	19,131	33,563
Payroll taxes	12,019	10,342	5,590	15,932	27,951
Total salaries and related expenses	184,899	159,099	86,000	245,099	429,998
Grants (allocations/awards)	938,807	-	-	-	938,807
Professional development	836	719	389	1,108	1,944
Management/HR Fees	417	359	194	553	970
Contract services	2,233	1,921	1,039	2,960	5,193
Legal fees	2,276	1,959	1,059	3,018	5,294
Audit fees	8,761	7,539	4,075	11,614	20,375
Advertising	21,942	18,880	10,205	29,085	51,027
Bank fees	3,957	3,405	1,841	5,246	9,203
Postage	2,414	2,078	1,123	3,201	5,615
Development	2,496	2,148	1,161	3,309	5,805
Supplies and equipment	1,555	1,388	954	2,342	3,897
Telephone	3,649	3,140	1,697	4,837	8,486
Website	5,264	4,529	2,448	6,977	12,241
Network support	5,818	5,006	2,706	7,712	13,530
Fundraising software support	4,787	4,119	2,227	6,346	11,133
Rent/storage	5,825	5,012	2,709	7,721	13,546
Travel/attend community meetings	10,061	9,434	8,249	17,683	27,744

See accompanying notes to the financial statements.

United Way of Licking County, Inc.
Statement of Functional Expenses – Modified Cash Basis (Continued)
Year Ended December 31, 2025

	<u>Program Services</u>	<u>Support Services</u>			
	<u>Allocation Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Support Services</u>	<u>Total Expenses</u>
Printing/copying	2,459	2,116	1,144	3,260	5,719
Membership dues	10,344	8,900	4,811	13,711	24,055
Depreciation	3,005	2,586	1,398	3,984	6,989
Insurance	2,408	2,072	1,120	3,192	5,600
Other	<u>3,526</u>	<u>3,392</u>	<u>3,607</u>	<u>6,999</u>	<u>10,525</u>
	<u>\$ 1,227,739</u>	<u>249,801</u>	<u>140,156</u>	<u>389,957</u>	<u>1,617,696</u>

See accompanying notes to the financial statements.

United Way of Licking County, Inc.
Statement of Functional Expenses – Modified Cash Basis
Year Ended December 31, 2024

	Program Services	Support Services			
	Allocation Services	General and Administrative	Fundraising	Total Support Services	Total Expenses
Salaries	\$ 164,971	111,260	107,423	218,683	383,654
Employee benefits	15,751	10,622	10,256	20,878	36,629
Payroll taxes	17,553	11,838	11,431	23,269	40,822
Total salaries and related expenses	198,275	133,720	129,110	262,830	461,105
Grants (allocations/awards)	1,147,989	-	-	-	1,147,989
Professional development	791	534	515	1,049	1,840
Management/HR Fees	161	156	156	312	473
Contract services	8,926	6,020	5,813	11,833	20,759
Legal fees	148	144	144	288	436
Audit fees	6,149	4,147	4,004	8,151	14,300
Advertising	11,726	11,091	11,068	22,159	33,885
Bank fees	1,726	1,164	1,124	2,288	4,014
Postage	1,569	1,523	1,523	3,046	4,615
Supplies and equipment	4,004	2,726	2,702	5,428	9,432
Telephone	3,088	2,083	2,011	4,094	7,182
Website	3,995	3,877	3,877	7,754	11,749
Network support	5,627	3,795	3,664	7,459	13,086
Fundraising software support	4,709	4,571	4,571	9,142	13,851
Rent/storage	10,624	7,165	6,917	14,082	24,706
Travel/attend community meetings	2,474	1,727	1,674	3,401	5,875

See accompanying notes to the financial statements.

United Way of Licking County, Inc.
Statement of Functional Expenses – Modified Cash Basis (Continued)
Year Ended December 31, 2024

	Allocation Services	General and Administrative	Fundraising	Total Support Services	Total Expenses
Printing/copying	1,886	1,272	1,228	2,500	4,386
Membership dues	6,608	6,414	6,414	12,828	19,436
Depreciation	3,305	2,229	2,152	4,381	7,686
Insurance	3,004	2,026	1,956	3,982	6,986
Emergency dollars and support	1,751	1,700	1,700	3,400	5,151
Other	10,688	7,423	7,190	14,613	25,301
	<u>1,439,223</u>	<u>205,507</u>	<u>199,513</u>	<u>405,020</u>	<u>1,844,243</u>
\$	<u><u>1,439,223</u></u>	<u><u>205,507</u></u>	<u><u>199,513</u></u>	<u><u>405,020</u></u>	<u><u>1,844,243</u></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 accompanying financial statements have been prepared on the modified cash basis of accounting. Under the modified cash basis of accounting used, the only assets recognized are cash, investments, beneficial interest in assets held by others and property and equipment. No liabilities are recognized. Revenue and expenses are recognized at the time of the applicable cash receipt or disbursement, except for those transactions involving investments and property and equipment described above. Accordingly, the accompanying financial statements are not intended to present the Agency's financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

Basis of presentation

The Agency reports 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.

Cash and cash equivalents

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.

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 statement of revenues, expenses and changes in net assets – modified cash basis 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 statement of assets and net assets – modified cash basis. Unrealized gains and losses, as well as interest and dividends, are included in the change in net assets in the accompanying statements of revenues, expenses and changes in net assets – modified cash basis 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.

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 revenues, expenses and changes in net assets – modified cash basis 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 and events are recognized when the cash is received.

Expense allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of revenues, expenses and changes in net assets – modified cash basis. 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 cash is paid.

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 the modified cash basis of accounting used by the Agency requires management to make estimates and assumptions that affect the reported amounts of assets 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 February 25, 2026, 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. CONCENTRATIONS:

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 utilizes an insured cash sweep program for its main operating account to help manage this risk and believes the risk in other cash accounts to be minimal.

The top 5 donors of the Agency contributed 26% and 52% of total contributions for the year ended December 31, 2025 and 2024.

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 assets and net assets – modified cash basis.

5. FAIR VALUE MEASUREMENTS:

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. 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 are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2025 and 2024.

- Beneficial interest: Fair value for the beneficial interest in assets held by others is based on the indirect pricing of the money market fund that is held at Licking County Foundation. This value approximates fair value.
- Equity Securities, money market funds, mutual funds and investment trusts: Fair value is based on unadjusted quoted market prices within active markets.

The following tables present the Agency's fair value hierarchy for those assets measured at fair value on a recurring basis at December 31, 2025 and 2024.

Fair Value Measurements as of December 31, 2025

Description	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Long-term investments:				
Money market funds	\$ <u>4,107</u>	<u>4,107</u>	<u>-</u>	<u>-</u>
Equity securities - by sector:				
Consumer discretionary	22,982	22,982	-	-
Consumer staples	9,981	9,981	-	-
Energy	12,510	12,510	-	-
Finance	42,488	42,488	-	-
Healthcare	28,962	28,962	-	-
Industrials	19,320	19,320	-	-
Information technology	100,880	100,880	-	-
Materials	6,247	6,247	-	-
Telecommunications	26,297	26,297	-	-
Utilities	<u>1,758</u>	<u>1,758</u>	<u>-</u>	<u>-</u>
	<u>271,425</u>	<u>271,425</u>	<u>-</u>	<u>-</u>
International equity securities	<u>6,932</u>	<u>6,932</u>	<u>-</u>	<u>-</u>
Equity mutual funds	<u>69,199</u>	<u>69,199</u>	<u>-</u>	<u>-</u>
Real estate investment trusts	<u>3,186</u>	<u>3,186</u>	<u>-</u>	<u>-</u>
Fixed income mutual funds	<u>170,984</u>	<u>170,984</u>	<u>-</u>	<u>-</u>
	\$ <u>525,833</u>	<u>525,833</u>	<u>-</u>	<u>-</u>
Beneficial interest	\$ <u>527,037</u>	<u>-</u>	<u>-</u>	<u>527,037</u>

United Way of Licking County, Inc.
Notes to the Financial Statements
Years Ended December 31, 2025 and 2024

Fair Value Measurements as of December 31, 2024

Description	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Long-term investments:				
Money market funds	\$ <u>12,429</u>	<u>12,429</u>	<u>-</u>	<u>-</u>
Equity securities - by sector:				
Consumer discretionary	23,388	23,388	-	-
Consumer staples	10,656	10,656	-	-
Energy	12,523	12,523	-	-
Finance	33,958	33,958	-	-
Healthcare	25,516	25,516	-	-
Industrials	16,921	16,921	-	-
Information technology	89,841	89,841	-	-
Materials	7,534	7,534	-	-
Telecommunications	24,239	24,239	-	-
Utilities	<u>1,616</u>	<u>1,616</u>	<u>-</u>	<u>-</u>
	<u>246,192</u>	<u>246,192</u>	<u>-</u>	<u>-</u>
International equity securities	<u>5,768</u>	<u>5,768</u>	<u>-</u>	<u>-</u>
Equity mutual funds	<u>59,836</u>	<u>59,836</u>	<u>-</u>	<u>-</u>
Real estate investment trusts	<u>3,207</u>	<u>3,207</u>	<u>-</u>	<u>-</u>
Fixed income mutual funds	<u>159,469</u>	<u>159,469</u>	<u>-</u>	<u>-</u>
	\$ <u>486,901</u>	<u>486,901</u>	<u>-</u>	<u>-</u>
Beneficial interest	\$ <u>458,231</u>	<u>-</u>	<u>-</u>	<u>458,231</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 year ended December 31, 2025 consisted of the following:

<u>December 31, 2025</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ <u>17,706</u>	<u>469,195</u>	<u>486,901</u>
Investment return:			
Investment income	-	13,443	13,443
Fees	-	(5,021)	(5,021)
Realized/unrealized gain	<u>-</u>	<u>40,480</u>	<u>40,480</u>
	<u>-</u>	<u>48,902</u>	<u>48,902</u>
Funds appropriated for expenditure	<u>9,970</u>	<u>(9,970)</u>	<u>-</u>
Funds expended from endowment	<u>(9,970)</u>	<u>-</u>	<u>(9,970)</u>
Endowment net assets, end of year	\$ <u><u>17,706</u></u>	<u><u>508,127</u></u>	<u><u>525,833</u></u>

Changes in the endowment net assets for the year ended December 31, 2024 consisted of the following:

<u>Decemeber 31, 2024</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ <u>17,705</u>	<u>434,949</u>	<u>452,654</u>
Investment return:			
Investment income	-	12,003	12,003
Fees	-	(4,550)	(4,550)
Realized/unrealized gains	<u>-</u>	<u>36,044</u>	<u>36,044</u>
	<u>-</u>	<u>43,497</u>	<u>43,497</u>
Funds appropriated for expenditure	<u>9,251</u>	<u>(9,251)</u>	<u>-</u>
Funds expended from endowment	<u>(9,250)</u>	<u>-</u>	<u>(9,250)</u>
Endowment net assets, end of year	\$ <u><u>17,706</u></u>	<u><u>469,195</u></u>	<u><u>486,901</u></u>

7. NET ASSETS:

In May 2014, the Agency's Board of Directors designated \$240,000 of net assets without donor restriction as an operating reserve. These funds are held in the Park National Bank Operating Reserve MMA bank account and the Board annually assesses the adequacy of the reserve to cover at least 25% of operating expenditures, excluding allocations to agencies. 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:

	<u>2025</u>	<u>2024</u>
Campaign contributions - net		
Time restricted	\$ 437,322	420,529
Purpose restricted	88,000	82,021
Earnings on endowment assets	340,370	301,438
Assets to be held in perpetuity	<u>167,757</u>	<u>167,757</u>
	\$ <u><u>1,033,449</u></u>	<u><u>971,745</u></u>

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.

8. 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 \$0 and \$7,181 to the Plan for the year ended December 31, 2025 and 2024.

9. 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 year ended December 31, 2025 and 2024, the dues totaled \$17,231 and \$13,879.

10. ADVERTISING:

The Agency uses advertising to promote awareness in the community. Advertising costs totaled \$51,027 and \$33,885 during the year ended December 31, 2025 and 2024, respectively.

11. 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.

United Way of Licking County, Inc.
Notes to the Financial Statements
Years Ended December 31, 2025 and 2024

The following table presents financial assets available to meet cash needs for general expenditures within one year at December 31:

	<u>2025</u>	<u>2024</u>
Financial assets:		
Cash and cash equivalents	\$ 1,028,590	1,183,682
Operating reserve account	240,000	240,000
Beneficial interest	527,037	458,231
Long-term investments	<u>525,833</u>	<u>486,901</u>
Financial assets available at year-end	2,321,460	2,368,814
Less those unavailable for general expenditures within one year:		
Restricted by donor with time or purpose restriction	596,127	551,216
Beneficial interest	527,037	458,231
Operating reserve	<u>240,000</u>	<u>240,000</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u><u>958,296</u></u>	<u><u>1,119,367</u></u>