

The United Way of Greater Lima, Inc.

Financial Statements

Years Ending June 30, 2023 and 2022

The United Way of Greater Lima, Inc.

Table of Contents

Independent Auditor's Report -----	Page 3
Statements of –	
Financial Position -----	6
Activities -----	7
Functional Expenses -----	11
Cash Flows -----	13
Notes to Financial Statements -----	14
Supplementary Information –	
Schedules of Allocations, Designations, and Grants – Schedule #1 -----	25
Note to Schedules of Allocations, Designations, and Grants -----	27



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Independent Auditor's Report

Board of Directors
The United Way of Greater Lima, Inc.

Opinion

We have audited the accompanying financial statements of The United Way of Greater Lima, Inc. (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows 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 financial position of The United Way of Greater Lima, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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 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 Lima, 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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 Lima, 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement 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 Lima, 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about The United Way of Greater Lima, 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 of Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Allocations, Designations, and Grants are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

E & Evans and Company

October 2, 2023

The United Way of Greater Lima, Inc.

Statements of Financial Position

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and Cash Equivalents	\$ 1,561,294	\$ 2,681,982
Investments - Note C	3,572,298	2,557,921
Accounts Receivable	-	6,250
Pledges Receivable - Net of Estimated Uncollectibles of \$145,007 in 2023 and \$76,096 in 2022 - Note A	416,781	355,429
Prepaid Expenses	12,132	8,173
Loans Receivable - Note D	58,983	65,983
Property and Equipment - (Net of Accumulated Depreciation) - Note A	6,704	11,105
Operating Lease Right of Use Asset, Net - Note I	<u>75,127</u>	<u>-</u>
Total Assets	<u>\$ 5,703,319</u>	<u>\$ 5,686,843</u>
Liabilities and Net Assets		
Current Liabilities		
Operating Payables	\$ 19,561	\$ 39,511
Payroll Withholdings and Accruals	37,395	16,742
Grants Payable	-	30,385
Designations Payable - Other United Ways	30,427	27,780
Designations Payable - United Way Agencies	71,554	82,745
Current Portion of Operating Lease Liability	<u>19,991</u>	<u>-</u>
Total Current Liabilities	<u>178,928</u>	<u>197,163</u>
Long-Term Liabilities		
Operating Lease Liability - Note I	<u>55,136</u>	<u>-</u>
Total Long-Term Liabilities	<u>55,136</u>	<u>-</u>
Total Liabilities	<u>234,064</u>	<u>197,163</u>
Net Assets		
Without Donor Restrictions	2,606,159	2,394,070
With Donor Restrictions - Note G	<u>2,863,096</u>	<u>3,095,610</u>
Total Net Assets	<u>5,469,255</u>	<u>5,489,680</u>
Total Liabilities and Net Assets	<u>\$ 5,703,319</u>	<u>\$ 5,686,843</u>

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

The United Way of Greater Lima, Inc.

Statement of Activities

Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Other Revenue			
Gross Campaign Results - 2022	\$ -	\$ 1,363,033	\$ 1,363,033
Less: Donor Designations	-	(257,308)	(257,308)
Less: Provision for Uncollectible	-	(70,587)	(70,587)
Net Campaign Revenue - 2022	-	1,035,138	1,035,138
Gross Campaign Results - Other Campaigns	26,601	-	26,601
Interest Income	25,562	-	25,562
Investment Return, Net	160,688	-	160,688
Donations and Special Events	-	34,638	34,638
Service Fees	8,527	-	8,527
Grant Revenue	179,700	30,000	209,700
Other Miscellaneous Income	5,931	-	5,931
In-Kind Donated Services	1,000	-	1,000
Net Assets Released from Restrictions	1,332,290	(1,332,290)	-
Total Public Support and Other Revenue	\$ 1,740,299	\$ (232,514)	\$ 1,507,785

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

The United Way of Greater Lima, Inc.

Statement of Activities

Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Expenses			
Program Services	\$ 1,035,799	\$ -	\$ 1,035,799
Supporting Services:			
Fund Raising	254,378	-	254,378
Management and General - Note N	238,033	-	238,033
Total Supporting Services	492,411	-	492,411
Total Expenses	1,528,210	-	1,528,210
Change in Net Assets	212,089	(232,514)	(20,425)
Net Assets at Beginning of Year	2,394,070	3,095,610	5,489,680
Net Assets at End of Year	\$ 2,606,159	\$ 2,863,096	\$ 5,469,255

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

The United Way of Greater Lima, Inc.

Statement of Activities

Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Other Revenue			
Gross Campaign Results - 2021	\$ -	\$ 1,546,911	\$ 1,546,911
Less: Donor Designations	-	(215,011)	(215,011)
Less: Provision for Uncollectible	-	(76,096)	(76,096)
Net Campaign Revenue - 2021	-	1,255,804	1,255,804
Gross Campaign Results - Other Campaigns	23,218	48,700	71,918
Interest Income	4,347	-	4,347
Investment Return, Net	(103,826)	-	(103,826)
Donations and Special Events	2,500	620,563	623,063
Service Fees	2,781	-	2,781
Grant Revenue	70,000	-	70,000
Other Miscellaneous Income	25,738	-	25,738
In-Kind Donated Services	1,438	-	1,438
Net Assets Released from Restrictions	1,200,474	(1,200,474)	-
Total Public Support and Other Revenue	\$ 1,226,670	\$ 724,593	\$ 1,951,263

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

The United Way of Greater Lima, Inc.

Statement of Activities

Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Expenses			
Program Services	\$ 1,186,065	\$ -	\$ 1,186,065
Supporting Services:			
Fund Raising	159,390	-	159,390
Management and General - Note N	221,438	-	221,438
Total Supporting Services	380,828	-	380,828
Total Expenses	1,566,893	-	1,566,893
Change in Net Assets	(340,223)	724,593	384,370
Net Assets at Beginning of Year	2,734,293	2,371,017	5,105,310
Net Assets at End of Year	\$ 2,394,070	\$ 3,095,610	\$ 5,489,680

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

The United Way of Greater Lima, Inc.

Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services	Fund Raising	Management and General - Note N	Total
Allocations	\$ 784,446	\$ -	\$ -	\$ 784,446
Grants and Other Awards	1,410	-	-	1,410
Total Agency Awards	<u>785,856</u>	-	-	<u>785,856</u>
Salaries	32,606	139,752	109,701	282,059
Health Benefits	3,218	13,791	10,826	27,835
Retirement	568	2,433	1,910	4,911
Payroll Taxes	2,573	11,026	8,655	22,254
Total Payroll Related Expenses	<u>38,965</u>	<u>167,002</u>	<u>131,092</u>	<u>337,059</u>
Grant Expenditures	27,785	-	-	27,785
Professional Fees	10,849	10,098	92,145	113,092
Other Fees and Dues	7,504	-	-	7,504
Office Supplies and Printing	1,278	426	1,703	3,407
Telephone/Internet	2,318	2,157	1,334	5,809
Postage	762	254	1,015	2,031
Local Transportation	132	-	-	132
Training, Meetings, and Events	6,356	-	-	6,356
Campaign Expenses	-	58,789	-	58,789
Equipment Maintenance	43	40	25	108
Lease Expense	11,542	10,742	6,645	28,929
Insurance	2,908	2,706	1,674	7,288
National Dues	11,084	-	-	11,084
Community Support	422	-	-	422
Advertising	-	530	-	530
Depreciation	1,756	1,634	1,011	4,401
211 First Call for Help	126,239	-	-	126,239
Miscellaneous	-	-	1,389	1,389
Total Functional Expenses	<u>\$ 1,035,799</u>	<u>\$ 254,378</u>	<u>\$ 238,033</u>	<u>\$ 1,528,210</u>

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

The United Way of Greater Lima, Inc.

Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services	Fund Raising	Management and General - Note N	Total
Allocations	\$ 757,500	\$ -	\$ -	\$ 757,500
Grants and Other Awards	57,708	-	-	57,708
Total Agency Awards	815,208	-	-	815,208
Salaries	116,099	67,313	52,190	235,602
Health Benefits	14,237	8,254	6,400	28,891
Retirement	2,270	1,316	1,019	4,605
Payroll Taxes	10,769	6,244	4,840	21,853
Total Payroll Related Expenses	143,375	83,127	64,449	290,951
Grant Expenditures	-	-	19,001	19,001
Professional Fees	7,830	5,719	115,114	128,663
Other Fees and Dues	11,791	-	-	11,791
Office Supplies and Printing	2,544	848	3,391	6,783
Telephone/Internet	1,903	1,389	1,272	4,564
Postage	2,088	696	2,785	5,569
Rent	6,754	4,932	4,514	16,200
Local Transportation	1,714	-	-	1,714
Training, Meetings, and Events	30,486	-	-	30,486
Campaign Expenses	-	53,011	-	53,011
Equipment Rental/Maintenance	6,682	4,880	4,468	16,030
Insurance	3,284	2,398	2,195	7,877
National Dues	29,834	-	-	29,834
Community Support	721	-	-	721
Advertising	-	1,070	-	1,070
Depreciation	1,807	1,320	1,208	4,335
211 First Call for Help	120,044	-	-	120,044
Miscellaneous	-	-	3,041	3,041
Total Functional Expenses	\$ 1,186,065	\$ 159,390	\$ 221,438	\$ 1,566,893

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

The United Way of Greater Lima, Inc.

Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ <u>(20,425)</u>	\$ <u>384,370</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Net Realized & Unrealized (Gain)/Loss on Investments	(79,345)	103,826
Depreciation Expense	4,401	4,335
Amortization of Right-of-Use Asset	16,663	-
(Increase)/Decrease in -		
Accounts Receivable	6,250	(6,250)
Pledges Receivable	(61,352)	1,184
Prepaid Expenses	(3,959)	22,543
Loans Receivable	7,000	6,000
Increase/(Decrease) in -		
Operating Payables	(19,950)	21,822
Payroll Withholdings and Accruals	20,653	(5,131)
Grants Payable	(30,385)	(8,463)
Designations Payable - Other United Ways	2,647	6,272
Designations Payable - United Way Agencies	(11,191)	68,962
Operating Lease Liability	(16,663)	-
Net Cash Provided/(Used) by Operating Activities	<u>(185,656)</u>	<u>599,470</u>
Cash Flows from Investing Activities		
Purchase of Investments	(1,368,159)	(150,428)
Proceeds from Sale of Investments	433,127	663,326
Net Cash Provided/(Used) by Investing Activities	<u>(935,032)</u>	<u>512,898</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(1,120,688)	1,112,368
Cash and Cash Equivalents at Beginning of Year	<u>2,681,982</u>	<u>1,569,614</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,561,294</u>	<u>\$ 2,681,982</u>

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

The United Way of Greater Lima, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

Note A – Summary of Significant Accounting Policies

Purpose of Organization

The purpose of The United Way of Greater Lima, Inc. is to mobilize and stimulate the interest and participation of the citizens of Greater Lima on behalf of worthy charitable, health, welfare, or allied purpose organizations. The United Way of Greater Lima, Inc. also solicits and receives contributions for its member agencies, then allocates and distributes these funds, thus reducing the expense of multiple fund-raising efforts and combining manpower.

Program Services

The United Way of Greater Lima, Inc. offers funding for community services and programs in the areas of: health, education, and financial stability. The United Way, along with the Mental Health and Recovery Services Board, provides funding for 211 and promotes this service in the community. The United Way funds program initiatives to ensure the community gets the education needed from preschool to the adult aging population. The United Way also funds programs that provide support to families and individuals struggling to meet their basic needs.

Basis of Accounting

The United Way of Greater Lima, Inc. prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the Organization are described subsequently to enhance the usefulness and understandability of the financial statements.

Use of Estimates

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

Adoption of New Accounting Standard

The United Way of Greater Lima, Inc. adopted Accounting Standards Update (ASU) No. 2016-02 and the related amendments for the year beginning July 1, 2022. The Organization will use the modified retrospective approach under which leases existing at or entered into after July 1, 2022 will be recognized and measured. Prior-period amounts will not be adjusted and continue to be reflected in accordance with the Organization's historical accounting. As a result of this adoption, a right-of-use asset and a lease liability of \$22,447 were recognized as of July 1, 2022.

The United Way of Greater Lima, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

Note A – Summary of Significant Accounting Policies (continued)

Financial Statement Presentation

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions - Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions - Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions. At June 30, 2023 and 2022, the Organization had net assets with donor restrictions of \$2,863,096 and \$3,095,610, respectively

Expense Allocation

The cost of providing various programs and other activities has been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. See Note J for additional information.

Property and Equipment

Property and equipment are stated at cost if purchased and at fair value if donated. The Organization capitalizes all major purchases made by The United Way of Greater Lima, Inc. Depreciation is computed using the straight-line method over the estimated useful lives of the capitalized assets. Total property and equipment costs are as follows:

	June 30,	
	2023	2022
Property and Equipment	\$ 43,362	\$ 43,362
Less: Accumulated Depreciation	(36,658)	(32,257)
Net Property and Equipment	\$ 6,704	\$ 11,105

Depreciation expense for years ending June 30, 2023 and 2022 was \$4,401 and \$4,335, respectively.

The United Way of Greater Lima, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

Note A – Summary of Significant Accounting Policies (continued)

Pledges Receivable

The United Way of Greater Lima, Inc. has an annual campaign conducted in the fall of each year with payment of pledges normally occurring in the succeeding year. Pledges designated by the contributor to be remitted to other United Ways or to specific United Way member agencies are reflected as liabilities at the time the pledge is recorded. A fundraising and administration fee based on a three-year average of such costs is deducted from all designated gifts. The pledges, net of the administrative fee, are forwarded monthly or quarterly to the agency as they are received.

Allowance for Uncollectible Pledges

Provision for uncollectible pledges is historically computed based upon a three-year historical average applied to gross campaign, including donor designations. However, Board review of current economic conditions could cause an adjustment to this allowance. The uncollectible percentage to be used for the 2022 and 2021 Campaigns were set at 5%.

Revenue Recognition

Unconditional promises to give are recognized as net assets with donor restrictions in the period received. These revenues are then recognized as net assets without donor restrictions in the year they are allocated to member agencies. See the following note on allocations.

Allocations, Designations, and Grants

Allocations to member agencies are generally determined and paid in the succeeding year. The United Way is transitioning allocation payments from a calendar year payment schedule to a fiscal year payment schedule. Allocations declared during the year ending June 30, 2023 were the result of the campaign held in the fall of 2021. The total of these allocations was \$757,475. Allocations declared during the year ending June 30, 2022 were the result of the campaign held in the fall of 2020. The total of these allocations was \$757,500. The approved amount includes all pledges received from the campaign through the allocation date, as recommended by a volunteer committee of community citizens.

In addition, designations are paid as received and not subject to change or review by that committee. The donor designations paid during the years ending June 30, 2023 and 2022 were \$133,130 and \$49,995, respectively.

Beginning in 2017, the Organization began awarding grants to agencies on a discretionary basis as determined by the Board. The grant period runs from July to June, with funds being paid at the beginning of the period and after a progress update in the middle of the period. Grants awarded in the years ending June 30, 2023 and 2022 totaled \$76,600 and \$30,000, respectively.

The United Way of Greater Lima, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

Note A – Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the United Way considers all unrestricted highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond the current reporting period are recorded as prepaid items.

Note B – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of June 30, 2023 and 2022 are:

	June 30,	
	2023	2022
Cash	\$ 2,270,496	\$ 2,144,293
Pledges Receivable (Net)	416,781	355,429
	<u>\$ 2,687,277</u>	<u>\$ 2,499,722</u>

There are no donor-imposed or contractual restrictions on the above-mentioned assets. Pledges receivable are subject to implied time restrictions, but are expected to be collected within the year.

In an effort to maximize the return on investments while maintaining liquidity, the Organization invests cash in excess of daily requirements in liquid investments (Note C).

Note C – Fair Values of Financial Instruments

The following methods and assumptions are used by The United Way of Greater Lima, Inc. in estimating the fair value of its financial instruments:

Cash and Cash Equivalents

The carrying amount reported in the Statements of Financial Position for cash and cash equivalents approximates fair value.

The United Way of Greater Lima, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

Note C – Fair Values of Financial Instruments (continued)

Investments

Accounting principles generally accepted in the United States of America establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standards describe three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Fair value of assets measured on a recurring basis at June 30, 2023 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments:				
Fixed Income	\$ 1,615,244	\$ 1,615,244	\$ -	\$ -
Mutual Funds	23,975	23,975	-	-
ETPs	24,858	24,858	-	-
Equities	1,908,221	1,908,221	-	-
Total	<u>\$ 3,572,298</u>	<u>\$ 3,572,298</u>	<u>\$ -</u>	<u>\$ -</u>

Fair value of assets measured on a recurring basis at June 30, 2022 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments:				
Fixed Income	\$ 871,354	\$ 871,354	\$ -	\$ -
Equities	1,686,567	1,686,567	-	-
Total	<u>\$ 2,557,921</u>	<u>\$ 2,557,921</u>	<u>\$ -</u>	<u>\$ -</u>

The United Way of Greater Lima, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

Note D – Loans Receivable

The loans receivable from Pangle Community Service Corporation represents the principal balance. These receivables were from a related party at the time of the transactions, and are considered interest free loans. Due to the related party nature of these loans, it was not deemed practical to apply the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification 825 (formerly Statement of Financial Accounting Standards No. 107, Disclosures about Fair Value of Financial Instruments) regarding these loans.

In 2013, Pangle borrowed \$114,894 for a new HVAC System for the building. In 2015, Pangle Community Service Corporation borrowed an additional \$45,000 to cover expenses related to the flood that occurred in June 2015. The total outstanding balance of these interest free loans at June 30, 2023 and 2022 was \$58,983 and \$65,983, respectively.

Note E – Endowment Fund

In 1991, an Endowment Fund was established with funds obtained through pledges from individuals in the community. These funds are to remain intact and invested with such investments subject to restrictions detailed in an investment policy approved by the Board. In addition, 20% of investment earnings are to be added to the principal on an annual basis, with the remaining income allocated to member agencies for special projects or programs, to be determined by the Board. The endowment fund balance at June 30, 2023 and 2022 is \$3,622,631 and \$3,475,103, respectively. The endowment funds consist of both net assets with donor restrictions and net assets without donor restrictions. The balance of net assets with donor restrictions in the endowment fund at June 30, 2023 and 2022 was \$1,734,496 and \$1,727,217, respectively with \$1,888,135 and \$1,747,886 being without donor restrictions at June 30, 2023 and 2022, respectively.

	Year Ending June 30, 2023		
	Without Donor Restriction	With Donor Restriction	Total
Beginning Balance	\$ 1,747,886	\$ 1,727,217	\$ 3,475,103
Contributions	-	7,279	7,279
Investment Income (Net)	145,891	-	145,891
Amounts Expended	(5,642)	-	(5,642)
Ending Balance	<u>\$ 1,888,135</u>	<u>\$ 1,734,496</u>	<u>\$ 3,622,631</u>

The United Way of Greater Lima, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

Note E – Endowment Fund (continued)

	Year Ending June 30, 2022		
	Without Donor Restriction	With Donor Restriction	Total
Beginning Balance	\$ 1,899,694	\$ 1,135,953	\$ 3,035,647
Contributions	-	591,264	591,264
Investment Income (Net)	(101,870)	-	(101,870)
Amounts Expended	(49,938)	-	(49,938)
Ending Balance	<u>\$ 1,747,886</u>	<u>\$ 1,727,217</u>	<u>\$ 3,475,103</u>

Note F – Pension Plan

The pension plan is an I.R.C. Section 403(b). The United Way of Greater Lima, Inc. funds 3% of eligible employees' salaries to the plan. Employees may also contribute to this plan. Pension expense for the years ending June 30, 2023 and 2022 was \$4,911 and \$4,605, respectively.

Note G – Restrictions of Net Assets

Net assets with donor restrictions for The United Way are comprised of: contributions to the Endowment fund (as described in Note E), various grant funds that are to be restricted until the terms of the grant have been met, and Public Support contributions for the fall campaign that are considered to be with donor restrictions until the money is received and allocated in the following year.

	June 30,	
	2023	2022
Endowment	\$ 1,734,496	\$ 1,727,217
Grants	63,462	63,889
Campaign Public Support	1,065,138	1,304,504
Total Net Assets with Donor Restrictions	<u>\$ 2,863,096</u>	<u>\$ 3,095,610</u>

Note H – Donated Services

For years ending June 30, 2023 and 2022, in-kind revenues have been recorded for financial statement purposes of \$1,000 and \$1,438, respectively, which represent the value of advertising services received. No other amounts have been reflected in the statements for donated services as no objective basis is available to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of their time in the United Way's fundraising campaigns.

The United Way of Greater Lima, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

Note I – Leases

The United Way of Greater Lima, Inc. leases office space from Pangle Community Service Corporation. The previous lease was in place through December 31, 2019 at an annual rate of \$26,532. The United Way leased the space on a month-to-month basis at a rate of \$2,211 per month through February 2021, at which time the Organization began leasing a smaller space at a new rate of \$1,333 per month. The Organization signed a new agreement with Pangle effective September 1, 2022 to lease the space at a rate of \$1,333 per month for a period of 60 months.

The United Way leases three printer/copier machines from Perry ProTech. In July 2020, the current lease agreement for two printer/copiers was signed at a monthly rate of \$679 for 60 months. The lease agreement for the third printer/copier was signed in June 2022 at a monthly rate of \$81 for 60 months. The United Way also leases one fax machine from Perry ProTech. The current lease agreement was signed in February 2021 at a monthly rate of \$27 for 53 months.

The future minimum lease payments as of June 30, 2023 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 25,444
2025	25,444
2026	16,972
2027	16,972
2028	2,667
Total	<u>87,499</u>
Less: Effects of Discounting	<u>(12,372)</u>
Lease Liability Recognized	<u>\$ 75,127</u>

During the year ended June 30, 2023, the United Way recognized lease expense associated with operating leases of \$28,929. Because the United Way generally does not have access to the rate implicit in the lease or an incremental borrowing rate, the Organization utilizes the prime rate as the discount rate, which was 8.25% at June 30, 2023. The weighted average remaining lease term is 41 months.

Note J – Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the Statements of Activities and Statements of Functional Expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the functions benefitted using a reasonable allocation method that is consistently applied as follows:

The United Way of Greater Lima, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

Note J – Expense Recognition and Allocation (continued)

Salaries and Related Expenses

Salaries, health benefits, retirement, and payroll taxes are allocated based on the responsibilities of each employee.

Rent, Telephone/Internet, Equipment Rental/Maintenance, Insurance, Technology Fees, and Depreciation

Rent, telephone/internet, equipment rental/maintenance, insurance, technology fees (included in professional fees) and depreciation are allocated based on square footage of each employee's office space. The costs associated with that employee are then allocated based on the responsibilities of that employee.

Office Supplies and Printing, Fees and Dues, Local Transportation, Training, Meetings, and Events, Community Support, Campaign, Advertising, and Other Expenses

Postage and office supplies and printing are allocated 37.5% to program services, 12.5% to fundraising, and 50% to management and general.

Fees and dues, national dues, local transportation, trainings, meetings, and events, and community support are allocated entirely to program services. Campaign and advertising expenses are allocated entirely to fundraising. Accounting and audit fees and director's and officer's liability insurance are allocated entirely to management and general.

Every three years, or more often if program, personnel, or facility requirements change, the bases on which costs are allocated are evaluated. Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization. Fundraising expenditures and advertising costs are expensed as incurred.

Note K – Income Taxes

The Internal Revenue Service has determined that The United Way of Greater Lima, Inc. is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, though it will be subject to tax on income unrelated to its exempt purpose (unless that income is otherwise excluded by the Internal Revenue Code). Contributions to the Organization are tax deductible to the donors under Section 170 of the Internal Revenue Code. The Organization is not classified as a private foundation.

The Organization files a Federal Income Tax Return – Form 990 – Return of Organization Exempt from Income Tax and also annually files with the State of Ohio Attorney General under the Ohio Charitable Law section. The Organization's U.S. federal income tax returns for the years ended June 30, 2020 and prior are closed and are no longer subject to examination.

The United Way of Greater Lima, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

Note L – Commitments and Contingencies

The Organization is subject to other various claims, legal proceedings, and investigations covering a wide range of matters that arise in the ordinary course of business. In the opinion of management, all other such matters are adequately covered by insurance or by accruals and if not so covered, are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position or results of operations of the Organization, if disposed of unfavorably.

Note M – Concentration of Credit Risks

The United Way of Greater Lima, Inc. solicits funds for member agencies from individuals and businesses in and around the Lima area. Credit risks from pledges receivable are limited due to the large number of contributors and their dispersion across different business segments in the community.

Financial instruments that potentially subject the Organization to credit risk include cash on deposit with a financial institution exceeding the \$250,000 ceiling insured by U.S. Federal Deposit Insurance Corporation or National Credit Union Share Insurance Fund at June 30, 2023 and 2022. The Organization had no deposits exceeding the insured amount at June 30, 2023. The Organization had deposits exceeding the insured amount by \$240,279 at June 30, 2022. The financial institutions holding these deposits have a strong credit rating and management believes that the credit risk related to these deposits is minimal.

Note N – Pruetter Fund Earnings

Per the Endowment Investment Policy, upon board approval, a portion of the income earned on the Pruetter Endowment Fund can be used each year to offset the management costs of the Organization. The policy states that up to 80% of the income earned on the fund can be used by the Organization, while the remaining 20% of income must be reinvested. No funds were used by the Organization for this purpose during the year ending June 30, 2023. Funds used by the Organization for this purpose during the year ending June 30, 2022 totaled \$22,730.

Note O – Reclassification

During the course of the audit, it was found that donations received for Women's United were previously incorrectly classified as net assets without donor restrictions. The Statement of Activities for the Year Ended June 30, 2022 reflects a reclassification of Donations and Special Event income of \$5,294 to with donor restrictions, and a reclassification of the related expenses of \$4,917 as an increase to net assets released from restrictions. As a result, net assets without donor restrictions were decreased by \$377 at June 30, 2022.

The United Way of Greater Lima, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

Note P – Subsequent Events

Subsequent events have been evaluated through October 2, 2023, which is the date the financial statements were available to be issued. Nothing material was noted to be disclosed.

The United Way of Greater Lima, Inc.

Schedule of Allocations, Designations, and Grants - Schedule #1 Year Ended June 30, 2023

	Allocations	Designations	Grants	Total
Partner Agencies				
Allen County Council on Aging	\$ 23,000	\$ 4,774	\$ -	\$ 27,774
American Red Cross of West Central Ohio	22,400	2,205	-	24,605
Big Brothers Big Sisters of West Central Ohio	36,000	3,973	-	39,973
Black Swamp Area Council, Boy Scouts of America	20,500	2,372	-	22,872
Blanchard Valley Health Systems	2,500	16	-	2,516
Bluffton Community Preschool	2,750	185	-	2,935
Bluffton Child Development	5,275	210	-	5,485
Bluffton Family Recreation	5,250	191	-	5,441
Bluffton Senior Citizens	600	168	-	768
Bluffton Weekday Christian Education	2,700	642	-	3,342
Bradfield Community Center	37,800	2,303	-	40,103
Children's Developmental Center of Lima	63,000	27,169	-	90,169
Coleman Professional Services	5,000	536	-	5,536
Cornerstone of Hope	10,000	1,456	1,000	12,456
Crime Victim Services	78,000	4,306	-	82,306
Crossroads Crisis Center	45,000	3,586	-	48,586
Delphos Senior Citizens Center	-	2,068	-	2,068
Girl Scouts of Western Ohio	26,500	735	-	27,235
Goodwill Easterseals MV	23,100	-	-	23,100
Lima UMADAOP	17,600	1,415	-	19,015
Mary Alice House	20,000	-	-	20,000
Northwest Ohio Literacy Council	-	744	-	744
Our Daily Bread	25,000	2,762	-	27,762
Prevention Awareness Support Services	10,000	1,871	-	11,871
PSA III Alzheimers	20,000	2,039	45,000	67,039
Salvation Army	10,000	2,064	-	12,064
Senior Citizens Services	10,000	752	-	10,752
Soldiers of Honor	10,000	717	-	10,717
The ARC of Allen County	79,000	2,846	-	81,846
West Ohio Food Bank	35,000	5,599	2,000	42,599
West Ohio Community Action Partnership	40,000	14,618	-	54,618
Young Men's Christian Association (YMCA Lima)	35,000	1,777	-	36,777
Youth for Christ	13,500	867	-	14,367
YWCA of NW Ohio Child Care Resource & Referral	23,000	14,233	-	37,233
Other Agencies				
Activate Allen County	-	31	4,000	4,031
Allen Lima Leadership	-	-	5,000	5,000
Auglaize County Crisis Center	-	76	-	76
Bittersweet Farms	-	407	-	407
Bluffton Area Chamber	-	-	300	300
Children's Hunger Alliance	-	2,500	-	2,500
Delphos Give Back	-	21	-	21
Dolly Parton Imagination Library	-	15,290	-	15,290
Family Promise of Allen County	-	232	-	232
Guardianship Services Board	-	-	12,000	12,000
Habitat for Humanity	-	750	-	750
Heartbeat of Lima	-	227	-	227
J. Williamson Law Firm	-	-	5,000	5,000
Kidney Foundation	-	13	-	13
Lima/Allen County Chamber of Commerce	-	-	300	300
Lima Rescue Mission	-	771	-	771
SAFY	-	4	-	4
Samaritan House	-	3,263	-	3,263
South Lima Community Development Corporation	-	-	2,000	2,000
Trinity United Methodist Church's Freedom School	-	47	-	47
Veteran's Freedom Flag Monument	-	299	-	299
Total	\$ 757,475	\$ 133,130	\$ 76,600	\$ 967,205

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

The United Way of Greater Lima, Inc.

Schedule of Allocations, Designations, and Grants - Schedule #1 Year Ended June 30, 2022

	Allocations	Designations	Grants	Total
Partner Agencies				
Allen County Council on Aging	\$ 23,000	\$ 1,317	\$ -	\$ 24,317
American Red Cross of West Central Ohio	22,400	278	-	22,678
Big Brothers Big Sisters of West Central Ohio	36,000	2,385	-	38,385
Black Swamp Area Council, Boy Scouts of America	20,500	1,073	-	21,573
Blanchard Valley Health Systems	2,500	143	-	2,643
Bluffton Community Emergency	25	-	-	25
Bluffton Community Preschool	2,750	-	-	2,750
Bluffton Child Development	5,275	24	-	5,299
Bluffton Family Recreation	5,250	124	-	5,374
Bluffton Senior Citizens	600	50	-	650
Bluffton Weekday Christian Education	2,700	75	-	2,775
Bradfield Community Center	37,800	3,014	-	40,814
Children's Developmental Center of Lima	63,000	6,644	-	69,644
Coleman Professional Services	5,000	5	-	5,005
Cornerstone of Hope	10,000	539	-	10,539
Crime Victim Services	78,000	2,332	10,000	90,332
Crossroads Crisis Center	45,000	1,223	-	46,223
Delphos Senior Citizens Center	-	699	-	699
Girl Scouts of Western Ohio	26,500	141	-	26,641
Goodwill Easterseals MV	23,100	32	-	23,132
Lima UMADAOP	17,600	-	-	17,600
Mary Alice House	20,000	-	-	20,000
Northwest Ohio Literacy Council	-	531	-	531
Our Daily Bread	25,000	567	-	25,567
Prevention Awareness Support Services	10,000	-	-	10,000
PSA III Alzheimers	20,000	8,546	-	28,546
Salvation Army	10,000	1,425	-	11,425
Senior Citizens Services	10,000	1,004	-	11,004
Soldiers of Honor	10,000	24	-	10,024
The ARC of Allen County	79,000	1,448	-	80,448
West Ohio Food Bank	35,000	11,475	-	46,475
West Ohio Community Action Partnership	40,000	629	-	40,629
Young Men's Christian Association (YMCA Lima)	35,000	1,399	-	36,399
Youth for Christ	13,500	354	-	13,854
YWCA of NW Ohio Child Care Resource & Referral	23,000	35	-	23,035
Other Agencies				
Activate Allen County	-	253	5,000	5,253
Auglaize County Crisis Center	-	1	-	1
Bittersweet Farms	-	200	-	200
Celina Combined Services Appeal	-	774	-	774
Family Promise of Allen County	-	560	-	560
Guardianship Services Board	-	-	15,000	15,000
Samaritan House	-	651	-	651
Veteran's Freedom Flag Monument	-	21	-	21
Total	\$ 757,500	\$ 49,995	\$ 30,000	\$ 837,495

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

The United Way of Greater Lima, Inc.

Note to Schedules of Allocations, Designations, and Grants
Years Ended June 30, 2023 and 2022

Note A – Grants

Endowment earnings are discretionarily added to a grant fund to be awarded to agencies and organizations for specific needs. Grants are generally split into two payments, and recipient programs are expected to meet goals as set forth at the time of the award to receive the second payment. As some programs fall short of the requirements set for remaining grant payments or program needs change, actual payments made can differ from the grant amounts originally awarded and expensed for the year. Additionally, the earnings added to the grant fund may differ from the total grants awarded for the year.

