

**UNITED WAY
OF NORTH CENTRAL OHIO, INC.
FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
United Way of North Central Ohio, Inc.
Marion, Ohio

We have audited the accompanying financial statements of United Way of North Central Ohio, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Managements' 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 conducting the 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 auditor's 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 North Central Ohio, Inc., as of June 30, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Holbrook & Manter". The signature is written in a cursive, flowing style.

Certified Public Accountants

October 1, 2020
Marion, Ohio

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UNITED WAY OF NORTH CENTRAL OHIO, INC.

STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2020 AND 2019

<u>ASSETS</u>		
	<u>2020</u>	<u>2019</u>
CURRENT ASSETS:-		
Cash and cash equivalents	\$ 1,336,327	\$ 1,061,945
Pledges receivable, net	172,972	207,820
Receivable- Alber trust	70,542	93,372
Investments, at fair value	<u>94,570</u>	<u>81,941</u>
Total current assets	1,674,411	1,445,078
PROPERTY AND EQUIPMENT:-		
Property and equipment	85,716	85,716
Less accumulated depreciation	<u>(76,424)</u>	<u>(75,031)</u>
Net property and equipment	<u>9,292</u>	<u>10,685</u>
OTHER ASSETS:-		
Investment in building partnership- at equity	261,719	261,719
Beneficial interest in assets held by Marion Community Foundation	<u>8,743</u>	<u>8,867</u>
Total other assets	<u>270,462</u>	<u>270,586</u>
Total assets	<u>\$ 1,954,165</u>	<u>\$ 1,726,349</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:-		
Allocations and designations payable - agencies	\$ 0	\$ 54,760
Accounts payable	0	11,938
Accrued payroll expenses	26,023	24,937
Note payable- PPP loan	<u>57,200</u>	<u>0</u>
Total current liabilities	83,223	91,635
NET ASSETS:-		
Without donor restrictions	1,693,470	1,477,155
With donor restrictions	<u>177,472</u>	<u>157,559</u>
Total net assets	<u>1,870,942</u>	<u>1,634,714</u>
Total liabilities and net assets	<u>\$ 1,954,165</u>	<u>\$ 1,726,349</u>

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

UNITED WAY OF NORTH CENTRAL OHIO, INC
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT:-			
Gross current year campaign revenue	\$ 0	\$ 860,046	\$ 860,046
Net assets released from restriction	773,515	(773,515)	0
Less provision for uncollectible pledges	0	(66,618)	(66,618)
Net current year campaign revenue	773,515	19,913	793,428
OTHER REVENUE:-			
Alber grants	179,630	0	179,630
Other grants	403,371	0	403,371
In-kind donations	8,870	0	8,870
Rental income	18,950	0	18,950
Unrealized / realized gain on investment	6,943	0	6,943
Interest income	14,283	0	14,283
Dividend income	5,933	0	5,933
Accounting service	640	0	640
Total other revenue	638,620	0	638,620
Total public support and other revenue	1,412,135	19,913	1,432,048
EXPENSES:-			
Program Expenses;-			
United Way of America and Ohio dues	11,070	0	11,070
Agency allocation grants	461,440	0	461,440
Less allocations funded through donor designations	(54,760)	0	(54,760)
Allocation services	508,353	0	508,353
Total program expenses	926,103	0	926,103
Functional Expenses;-			
Fundraising	173,375	0	173,375
Management and general	96,342	0	96,342
Total functional expenses	269,717	0	269,717
Change in net assets	216,315	19,913	236,228
Net assets at beginning of period	1,477,155	157,559	1,634,714
Net assets at end of period	\$ 1,693,470	\$ 177,472	\$ 1,870,942

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

UNITED WAY OF NORTH CENTRAL OHIO, INC
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT:-			
Gross current year campaign revenue	\$ 0	\$ 884,956	\$ 884,956
Net assets released from restriction	766,606	(766,606)	0
Less donor designations	0	(54,760)	(54,760)
Less provision for uncollectible pledges	0	(47,604)	(47,604)
	766,606	15,986	782,592
OTHER REVENUE:-			
Alber grants	96,400	0	96,400
Other grants	428,084	0	428,084
In-kind donations	11,875	0	11,875
Rental income	20,750	0	20,750
Unrealized / realized gain on investment	7,501	0	7,501
Interest income	8,308	0	8,308
Dividend income	4,523	0	4,523
Equity earnings from investment in partnership	0	0	0
Accounting service	19,621	0	19,621
Miscellaneous income	4	0	4
	597,066	0	597,066
Total other revenue	597,066	0	597,066
Total public support and other revenue	1,363,672	15,986	1,379,658
EXPENSES:-			
Program Expenses;-			
United Way of America and Ohio dues	11,082	0	11,082
Agency allocation grants	809,854	0	809,854
Less allocations funded through donor designations	(80,041)	0	(80,041)
Allocation services	519,510	0	519,510
	1,260,405	0	1,260,405
Total program expenses	1,260,405	0	1,260,405
Functional Expenses;-			
Fundraising	196,130	0	196,130
Management and general	111,573	0	111,573
	307,703	0	307,703
Total functional expenses	307,703	0	307,703
Change in net assets	(204,436)	15,986	(188,450)
Net assets at beginning of period	1,681,591	141,573	1,823,164
Net assets at end of period	\$ 1,477,155	157,559	\$ 1,634,714

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

UNITED WAY OF NORTH CENTRAL OHIO, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020			
	Program Services	Fundraising	Management and General	Total
Salaries, taxes, and related benefits	\$ 123,050	\$ 90,236	\$ 60,158	\$ 273,444
Dues and memberships	4,802	3,522	2,348	10,672
Campaign advertising	0	28,862	0	28,862
Conferences and meetings	2,782	2,040	1,360	6,182
Professional fees	5,822	4,269	2,846	12,937
Supplies	1,271	933	622	2,826
Postage and shipping	1,671	1,226	817	3,714
Rent and utilities	20,659	15,150	10,100	45,909
Equipment maintenance and supplies	8,453	6,199	4,133	18,785
Travel expense	3,401	2,494	1,663	7,558
Insurance	3,288	2,412	1,608	7,308
Special projects	16,373	12,007	8,004	36,384
Depreciation expense	627	460	306	1,393
Miscellaneous expense	4,860	3,565	2,377	10,803
Gear up	231,884	0	0	231,884
Other programs	79,410	0	0	79,410
Total	\$ 508,353	\$ 173,375	\$ 96,342	\$ 778,071

	2019			
	Program Services	Fundraising	Management and General	Total
Salaries, taxes, and related benefits	\$ 124,441	\$ 91,257	\$ 60,838	\$ 276,536
Dues and memberships	5,200	3,813	2,542	11,555
Campaign advertising	0	28,770	0	28,770
Conferences and meetings	5,369	3,937	2,625	11,931
Professional fees	21,108	15,479	10,319	46,906
Supplies	1,400	1,026	684	3,110
Postage and shipping	1,978	1,451	967	4,396
Rent and utilities	19,952	14,632	9,754	44,338
Equipment maintenance and supplies	14,887	10,917	7,278	33,082
Travel expense	2,963	2,172	1,448	6,583
Insurance	2,218	1,627	1,085	4,930
Special projects	24,685	18,103	12,069	54,857
Depreciation expense	627	460	306	1,393
Miscellaneous expense	3,391	2,486	1,658	7,534
Gear up	216,408	0	0	216,408
Other programs	74,883	0	0	74,883
Total	\$ 519,510	\$ 196,130	\$ 111,573	\$ 827,212

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

UNITED WAY OF NORTH CENTRAL OHIO, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:-		
Change in net assets	\$ 236,228	\$ (188,450)
Adjustments to reconcile the change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,393	1,393
Realized / unrealized (gain) on investments	(12,629)	(11,515)
Change in assets and liabilities:		
Equity earnings from investment in partnership	(13,373)	(18,004)
Change in beneficial interest in assets held by Marion Community Foundation	124	(429)
Increase in pledges receivable	34,848	9,295
Increase in receivable- Alber Trust	22,830	44,878
Increase in receivable- other	0	23,665
(Decrease) in allocations and designations payable	(54,760)	(25,282)
(Increase) decrease in accounts payable	(11,938)	1,822
Decrease (increase) in accrued payroll liabilities	1,086	(21,636)
Net cash provided (used) by operating activities	<u>203,809</u>	<u>(184,263)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:-		
Distribution from partnership investment	13,373	18,004
Certificate of deposits-net	0	3,231
Net cash provided by investing activities	<u>13,373</u>	<u>21,235</u>
CASH FLOWS FROM FINANCING ACTIVITIES:-		
PPP Loan Proceeds	57,200	0
Net cash provided by financing activities	<u>57,200</u>	<u>0</u>
Net increase (decrease) in cash and cash equivalents	274,382	(163,028)
Cash and cash equivalents - beginning of period	<u>1,061,945</u>	<u>1,224,973</u>
Cash and cash equivalents - end of period	<u>\$ 1,336,327</u>	<u>\$ 1,061,945</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:-

Cash paid for:			
Interest	\$	0	\$ 0
Income taxes	\$	0	\$ 0

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

UNITED WAY OF NORTH CENTRAL OHIO, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - United Way of North Central Ohio, Inc. (the Organization) (formerly known as United Way of Marion County, Ohio, Inc.) is a non-profit charitable corporation governed by a volunteer board of Trustees, with the purpose of meeting the human service needs of the Crawford, Marion and Wyandot County (North Central Ohio) areas through the coordination of social services, problem solving, and financial support. The Organization is supported primarily through donor contributions.

Nature of Activities - The Organization is organized to improve the quality of people's lives throughout North Central Ohio by efficiently raising and responsibly distributing funds to a collaborative agency network and to serve as the steward of donor contributions, investing in programs that measurably impact community needs in all parts of North Central Ohio.

The Organization changes lives and builds a stronger community by helping people create solutions to important health and human service issues. Through fundraising, volunteerism and increasing community sufficiency, the Organization makes a better place to live, work and raise a family.

The Organization's goals are to (1) focus on the most critical needs of North Central Ohio, (2) multiply the impact of donor contributions, and (3) deliver results that are possible through investment of donors' time, talent and financial support.

The Organization is dependent upon undesignated contributions from corporate and individual donors to support its program services. The choice on the part of donors to designate their gifts to specific agencies can result in reduced funding available for allocations and grants. A decrease in undesignated contributions could adversely affect the Organization's ability to provide community services and allocate funds to local not-for-profit organizations.

The Organization is a member of the United Way Worldwide ("UWW"). As such, the Organization is committed to comply with UWW Cost Deduction Standards. Those cost deductions standards require that fees charged for handling designated gifts be based on actual expenses, and that fees will not be deducted from designated gifts originated by or from another United Way organization.

Basis of Presentation - The Organization has adopted the Accounting Standards Codification (ASC) No. 958-205-45, "Financial Statements of Not-for-Profit Associations". Under ASC No. 958-205-45, the Organization is required to report its information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The Association is also required to present a statement of cash flows.

Net Assets Without Donor Restrictions - Net assets are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that: a) restrict their use to a specific purpose which will be satisfied by actions of the Association or the passage of time; or b) require that they be maintained in perpetuity by the Association; generally, the donor of these assets permit the Organization to use all or part of the income earned, including capital appreciation, or related investments for purposes with or without donor restriction See Note 5 for net assets with donor restrictions at June 30, 2020 and 2019.

Use of Estimates - The financial statements of the Organization are presented in conformity with accounting principles generally accepted in the United States of America. This presentation requires the use of estimates and assumptions made by management that affect certain amounts and assumptions. Accordingly, actual results could differ from those estimates.

UNITED WAY OF NORTH CENTRAL OHIO, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Functional Allocation - The costs of providing the program and various management and general activities have been summarized on a functional basis in the statements of functional expenses. Certain categories or expenses are attributed to both Program Services and Management and General expenses. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated are allocated on the basis of estimates of time and effort. Accordingly, certain estimates have been made to allocate costs among the program and supporting activities.

Liquidity Management - The Organization regularly monitors the availability of resources required to meet its operating needs and other commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities as well as the conduct of services to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Refer to the statement of cash flows which identifies the sources and uses of the Association's cash and shows positive cash flow generated by operations for year ended 2020 and 2019.

The following table reflects the Organization's financial assets as of June 30, 2020 and 2019 that are available to meet cash needs for operating expenditures within one year:

	2020	2019
Cash and cash equivalents	\$ 1,336,327	\$ 1,061,945
Investments, at fair value	94,570	81,941
Pledges receivable, net of allowance for uncollectible accounts	243,514	301,192
	\$ 1,674,411	\$ 1,445,078

Cash and Cash Equivalents - For purposes of the statement of cash flows, cash and cash equivalents include cash on hand and on deposit and all highly liquid instruments, such as certificates of deposit, purchased with an original maturity of three months or less. The accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. Therefore, from time to time, the Organization may have accounts in excess of insured limits.

Revenue Recognition- Accounting Policies under ASC 606- The Organization's primary sources of revenue are contributions (pledges), which fall outside the scope of ASC 606.

Other Revenue Recognition Policies (outside of ASC 606)

Contributions (pledges) and grants are recorded as with donor restriction or without donor restriction depending on the existence and nature of any donor-imposed restrictions at the time an unconditional promise to give is received. It is the policy of the Organization to report contributions received that have donor-imposed restrictions as without donor restriction support when the restrictions are met within the same reporting period in which the contributions are received. All contributions are considered to be available for without donor-restricted use unless specifically restricted by the donor. Pledges for contributions are recorded as income when the signed pledge is received. These contributions are considered nonreciprocal (contribution) transactions under accounting guidance ASU 2018-08.

UNITED WAY OF NORTH CENTRAL OHIO, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Pledges Receivables - Pledges are promises to give from various donors that are considered unconditional promises to give. Campaigns are conducted each year beginning in September. Most pledges to contribute to the campaign are made in the first three months of the campaign and are due within one year of being made. Campaign pledges due before the end of the fiscal year are recognized as revenue increasing unrestricted net assets unless the donor designates the contribution to a particular organization or restricts it to a particular field of interest. Campaign pledges due after the end of the fiscal year are recognized as revenue increasing temporarily restricted net assets unless the donor designates the contribution to a particular organization. The restrictions on pledges due after the end of the fiscal year generally expire in the following fiscal year. If the donor targets a gift, those restrictions expire when the resources are spent as the donor requested.

Allowance for Doubtful Accounts - The United Way uses the allowance method to estimate uncollectible receivables. The allowances are based on prior experience and management analysis of specific receivables and promises to give. Once the likelihood of collecting the receivable is determined to be remote, management writes off the specific account balance and relieves any related allowance. If collections are made in excess of this allowance, the funds are available to be allocated to the member agencies during the next campaign.

Contributions - The Organization recognizes contributions received and contributions made in accordance with ASC No. 958-605-25, "Accounting for Contributions Received and Contributions Made". Under ASC No. 958-605-25, a contribution received by the Organization is recognized when the donor makes an unconditional promise to give to the Organization. Conditional promises to give are not recognized by the Organization as contributions received until the conditions have been met. Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and nature of any donor imposed restrictions. Contributions received with donor imposed restrictions that are met in the same reporting period are reported as without donor restrictions contributions.

Designated Contributions - The Organization recognizes donor designated contributions in accordance with ASC No. 958-605-25-24, Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others. When a donor specifically designates a participating agency to receive his or her campaign contribution, the Organization excludes the designated pledge from campaign revenue. The Organization is considered an agent for the designated beneficiary and, as such, records cash or a receivable from the donor and a liability to the designated beneficiary.

In-Kind Donations - The Organization records the value of in-kind donations when there is an objective basis available to measure their value. During the years ended June 30, 2020 and 2019, the Organization was the recipient of donations with a total fair market value, at the date of donation, of \$8,870 and \$11,875, respectively. All donations consist of items for use as promotional items during campaign activities. The donations of items for campaign activities are included in the statement of activities and changes in net assets as part of unrestricted contributions, and the expenses are included in the statement of functional expenses.

Donated property and equipment are recorded as support at their estimated fair market value at the date of donation. Such donations are reported as unrestricted unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions ratably over the life of the donated or acquired assets.

Donated Services - In-kind contributions of materials and property equipment are recorded as contributions at the estimated fair value on the date of receipt. Contributions of services that enhance the non-financial assets or require specialized skills, and are provided by individuals possessing those skills, are recorded as contributions at the estimated fair value of the service received. The Organization makes extensive use of volunteers in conducting its campaign and various program activities. Such services are not reflected in the financial statement, as those services do not meet this definition.

UNITED WAY OF NORTH CENTRAL OHIO, INC.
NOTES TO THE FINANCIAL STATEMENTS
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Investments - Investments purchased by the Organization are initially recorded at their cost, and donated investments are recorded at fair value on the date they are received as a donation. Subsequent to their acquisition, investments in marketable securities with readily determinable fair values and all investments in debt securities are adjusted to their fair values as of the date of the statement of financial position. Unrealized and realized gains and losses are included in the statement of activities and changes in net assets. The Organization reports investment gains and income whose restrictions (if any) are met in the same reporting period as unrestricted support.

Investment in Partnership - at Equity - The Organization's investment of 33.33% of 125 Executive Drive Associates, LLC is accounted for under the equity method. Under the equity method, the investment is carried at cost, adjusted for the Organization's proportionate share of the adjusted undistributed earnings or losses.

Property and Equipment - Additions and improvements to property and equipment over \$1,500 and with a useful life of more than one year are recorded at cost when purchased and at fair value when donated to the Organization. Depreciation is computed using the straight-line method over their estimated useful lives, which is a range of 3 to 7 years for equipment and furniture and 5 to 15 years for leasehold improvements.

Beneficial Interest in Assets Held by Marion Community Foundation - The Organization records its beneficial interest in the foundation at fair value. Accordingly, the fair value of the asset was \$8,743 and \$8,867 as of June 30, 2020 and 2019, respectively and is considered to be Level 2. See footnote 2.

Federal Income Taxes - The Organization has been determined, by the Internal Revenue Service, as exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation and, as a result, a provision for taxes is not required. The Organization records interest and penalties, if any, in interest expense and other expense, respectively, in operating expenses. During the years ended June 30, 2020 and 2019, the Organization did not have any interest or penalties related to taxes. Management believes there are no uncertain tax positions taken as of June 30, 2020 and 2019.

Concentration of Credit Risk - The majority of the Organization's funding to carry out its purposes is received in the annual campaign drive of the Organization. Approximately 55% and 57% came from campaign revenues in 2020 and 2019, respectively.

Advertising - The Organization expenses advertising costs as they are incurred. Advertising expense totaled \$28,862 and \$28,770 for the years ended June 30, 2020 and 2019, respectively.

Recent Accounting Pronouncements - In February 2016, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, which amends existing accounting standards for lease accounting, including by requiring lessees to recognize most leases on the balance sheet and making certain changes to lessor accounting. The new standard is effective for non-public entities for fiscal years beginning after December 15, 2021 and for interim periods therein with early adoption permitted. The Organization is currently evaluating the impact the new standard may have on its financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which creates a single source of revenue guidance. The new standard provides accounting guidance for all revenue arising from contracts with customers and affects all entities that enter into contracts to provide goods and services to their customers (unless the contracts are in scope of other U.S. GAAP requirements, such as the leasing literature). The guidance also provides a model for the measurement and recognition of gains and losses on the sale of certain nonfinancial assets, such as property and equipment, including real estate. The new standard is effective for non-public entities for the fiscal years beginning after December 15, 2018 and for interim periods therein. The Organization's financial statements reflect the application of ASC 606 beginning in 2020. No cumulative-effect-adjustment in net assets was recorded as the adoption of ASU 2014-09 did not significantly impact the Organization's reported historical revenue.

UNITED WAY OF NORTH CENTRAL OHIO, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

On June 21, 2018, the FASB issued ASU No. 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This standard is intended to address questions stemming from FASB ASU No. 2014-09, Revenue from Contracts with Customers, regarding its implications on the grants and contracts of not-for-profit Associations. ASU 2018-08 applies to resource providers and resource recipients. It includes decision trees to assist in evaluating a transaction. The first decision for both parties to consider is whether each party directly receives commensurate value. If the transaction is reciprocal (i.e., an exchange), the recipient would follow ASU 2014-09, and the contributor would follow the guidance in Topic 720, Other Expenses, or other applicable topics. If the transaction is nonreciprocal (i.e., a contribution), the recipient would apply contribution guidance. This guidance was adopted by the Organization at the beginning of 2020.

Reclassification – Certain balances from the 2019 financial statements have been reclassified to conform to the current presentation.

NOTE 2 - FAIR VALUE MEASUREMENT

ASC 820, *Fair Value Measurement*, establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following is a description of the techniques and inputs used for each major class of assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020.

Corporate common stocks: Valued at the closing price on the stock exchange where they are traded (primarily the New York Stock Exchange). (Level 1)

Beneficial Interest in assets held by Marion Community Foundation: The fair value has been established by using the present value of the estimated future cash receipts (an amount approximating the Organization's percentage of the value of the underlying assets of the trusts.) (Level 2)

These methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

UNITED WAY OF NORTH CENTRAL OHIO, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

The following table sets forth the Organization's investment assets at fair value as of June 30, 2020, by level, within the fair value hierarchy:

	Assets at fair value as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
Investments- common stocks	\$ 94,570	\$ 0	\$ 0	\$ 94,570
Beneficial interest in assets held by Marion Community Foundation	0	8,743	0	8,743
Total investments	\$ 94,570	\$ 8,743	\$ 0	\$ 103,313

The following table sets forth the Organization's investment assets at fair value as of June 30, 2019, by level, within the fair value hierarchy:

	Assets at fair value as of June 30, 2019			
	Level 1	Level 2	Level 3	Total
Investments- common stocks	\$ 81,941	\$ 0	\$ 0	\$ 81,941
Beneficial interest in assets held by Marion Community Foundation	0	8,867	0	8,867
Total investments	\$ 81,941	\$ 8,867	\$ 0	\$ 90,808

The investments are held in the Organization's name, by the Organization's agent, which is a major financial institution. The investments provide return of principal, interest, and dividends, which are currently reinvested. The investments are reported at fair market value in the statements of financial position.

NOTE 3 - INVESTMENT IN BUILDING PARTNERSHIP

During 2005, the Organization purchased a 33.33% interest in 125 Executive Drive Associates, LLC (the Building Partnership) for \$200,000. The Building Partnership owns and operates an office building at 125 Executive Drive, Marion, Ohio. Gains and losses realized by the Partnership are distributed equally amongst the three partners. The following is a summary of the Unaudited results of operations and financial position of the Building Partnership as of and for the years ended June 30, 2020 and 2019:

	2020	2019
Net income	\$ 16,279	\$ 21,134
Total assets	186,961	201,117
Total liabilities	(162,012)	(175,944)
Net owners equity	\$ 24,949	\$ 25,173

In 2019, the building was placed on the market for sale.

NOTE 4 - BENEFICIAL INTEREST IN ASSETS HELD BY MARION COMMUNITY FOUNDATION

An Endowment Fund ("the Fund") was established in 2004 with The Marion Community Foundation (the "Foundation") whereby the principal and earnings could be invested and then transferred to the Organization at the discretion of the Organization. In addition, this Fund collected donations from the general public to support the Organization. The Foundation has no variance power to redirect any contributions or earnings at its discretion. Thus, contributions from the general public to the Fund are recognized as an asset and liability by the Foundation upon their receipt and will be recognized as income by the Organization in the year received by the Fund.

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The Beneficial Interest in Assets Held by Marion Community Foundation balance for the years ended June 30, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Beneficial interest at beginning of year, at fair value	\$ 8,867	\$ 8,438
Grants	(320)	0
Change in value	239	472
Administrative fees	(43)	(43)
Beneficial interest at end of year, at fair value	<u>\$ 8,743</u>	<u>\$ 8,867</u>

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of annual campaigns, initiatives and programs, which are time restricted. They are held in cash and cash equivalents and pledges receivable net of designations and agency allocations payable as of June 30, 2020 and 2019.

Net assets released from donor restrictions by passage of time satisfying the restricted purposes for the year ended June 30, 2020 and 2019 were \$773,515 and \$766,606, respectively.

The Organization also maintains a cash deposit amounting to \$4,500 that has been restricted by the donor. The donor restriction prohibits the use of the original contribution but authorizes the Organization to utilize the annual earnings on the original contribution for charitable purposes.

NOTE 6 - PAYCHECK PROTECTION PROGRAM

On April 22, 2020 the Organization was granted a loan from United Bank in the aggregate amount of \$57,200, pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The loan which was in the form of a note issued by the bank which matures on April 22, 2022 and bears interest at a fixed rate of 1.0%. The note may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, cost used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The Organization intends to use the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

NOTE 7 - OPERATING LEASE- RELATED PARTY

In September 2015, the Organization entered into a renewed ten-year lease for office facilities under an operating lease agreement, which expires on August 31, 2025. This space is owned, in part, by the Organization through a one-third investment in the limited partnership that owns and operates the office building. Rental expense was \$39,875 for the years ended June 30, 2020 and 2019.

In November 2017, the Organization entered into a renewed two-year lease for office facilities under an operating lease agreement, which expires on October 31, 2019. This lease was renegotiated and was extended until May 31, 2020. Rental expense was \$1,200 for the years ended June 30, 2020 and 2019.

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Annual minimum lease payment of the operating leases as of June 30, 2020 are as follows:

	<u>Operating Lease</u>
Year ending June 30,	
2021	\$ 39,875
2022	39,875
2023	39,875
2024	39,875
2025	<u>26,583</u>
	<u>\$ 186,083</u>

NOTE 8 - PENSION PLAN

The Organization sponsors a defined contribution profit sharing retirement plan that covers substantially all full time employees. The plan is intended to provide retirement benefits to eligible employees and is totally funded by the employer. The amount charged to expense for the years ended June 30, 2020 and 2019 was \$6,530 and \$17,238, respectively.

NOTE 9 - CONCENTRATIONS

Approximately 11% of the 2020 campaign support came from two companies and their employees. These companies also account for 39% of the pledges receivable balance as of June 30, 2020.

Approximately 12% of the 2019 campaign support came from two companies and their employees. These companies also account for 33% of the pledges receivable balance as of June 30, 2019.

NOTE 10 - CONTINGENT LIABILITY

The Organization offers sick pay to employees, who are entitled to accumulate unused sick pay. However, there is no liability to the Organization when their employment is terminated. Since the Organization's liability for sick pay is contingent upon each employee's continued employment, no liability for sick pay is included in the financial statements. Sick pay is charged to salary expense in the year it is used.

NOTE 11 - SUBSEQUENT EVENTS

The Organization evaluated subsequent events through October 1, 2020, the date which the financial statements were available to be issued.

In March 2020, a novel strain of coronavirus surfaced in the United States. The spread of this virus may begin to cause some business disruption to the Organization. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, while the Organization expects this matter to somewhat negatively impact its operating results, the related financial impact and duration cannot be reasonably estimated at this time.