UNITED WAY
OF NORTH CENTRAL OHIO, INC.
FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

CONTENTS

holbrook & manter

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of United Way of North Central Ohio, Inc. (a nonprofit organization) (the Organization), which comprise the statements of financial position as of **June 30, 2023 and 2022**, 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.

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, 2023 and 2022**, 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.

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 Organization 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 Organization'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.

Holbrook & Manter

Certified Public Accountants

November 15, 2023
Marion, Ohio

UNITED WAY OF NORTH CENTRAL OHIO, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2023 AND 2022

ASSETS

	2023	2022
Cash and cash equivalents	$ 1,281,758	$ 1,301,042
Pledges receivable, net	106,529	89,841
Receivable- Alber trust	60,895	69,189
Investments, at fair value	232,278	213,610
Prepaid expenses	0	959
Property and equipment, net	9,877	6,506
Investment in building partnership - at equity	261,719	261,719
Right of use assets - operating lease	90,152	0
Beneficial interest in assets held by Marion Community Foundation	9,113	9,059
Total assets	$ 2,052,321	$ 1,951,925

LIABILITIES AND NET ASSETS

	2023	2022
Accrued payroll expenses	$ 17,044	$ 12,591
Accounts payable	90,933	8,015
Operating lease liability	90,152	0
Total liabilities	198,129	20,606
NET ASSETS:-		
Without donor restrictions	1,810,279	1,836,978
With donor restrictions	43,913	94,341
Total net assets	1,854,192	1,931,319
Total liabilities and net assets	$ 2,052,321	$ 1,951,925

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, 2023

	2023		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
PUBLIC SUPPORT:-			
Gross current year campaign revenue	$ 0	$ 684,841	$ 684,841
Net assets released from restriction	710,842	(710,842)	0
Less provision for uncollectible pledges	0	(24,427)	(24,427)
Net current year campaign revenue	710,842	(50,428)	660,414
OTHER REVENUE:-			
Alber grants	209,775	0	209,775
In-kind donations	3,534	0	3,534
Rental income	18,650	0	18,650
Unrealized/realized change on investment	17,374	0	17,374
Interest income	8,828	0	8,828
Dividend income	10,740	0	10,740
Total other revenue	268,901	0	268,901
Total public support and other revenue	979,743	(50,428)	929,315
EXPENSES:-			
Program Expenses;-			
United Way of America and Ohio dues	6,761	0	6,761
Agency allocation grants	533,000	0	533,000
Allocation services	201,968	0	201,968
Total program expenses	741,729	0	741,729
Functional Expenses;-			
Fundraising	169,409	0	169,409
Management and general	95,304	0	95,304
Total functional expenses	264,713	0	264,713
Change in net assets	(26,699)	(50,428)	(77,127)
Net assets at beginning of period	1,836,978	94,341	1,931,319
Net assets at end of period	$ 1,810,279	$ 43,913	$ 1,854,192

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, 2022

	2022		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
PUBLIC SUPPORT:-			
Gross current year campaign revenue	$ 0	$ 670,476	$ 670,476
Net assets released from restriction	677,781	(677,781)	0
Less provision for uncollectible pledges	0	(15,949)	(15,949)
Net current year campaign revenue	677,781	(23,254)	654,527
OTHER REVENUE:-			
Alber grants	194,034	0	194,034
Other grants	275,248	0	275,248
In-kind donations	1,775	0	1,775
Rental income	19,060	0	19,060
Unrealized / realized gain on investment	(76,815)	0	(76,815)
Interest income	(1,269)	0	(1,269)
Dividend income	20,253	0	20,253
Total other revenue	432,286	0	432,286
Total public support and other revenue	1,110,067	(23,254)	1,086,813
EXPENSES:-			
Program Expenses;-			
United Way of America and Ohio dues	15,779	0	15,779
Agency allocation grants	413,085	0	413,085
Allocation services	425,403	0	425,403
Total program expenses	854,267	0	854,267
Functional Expenses;-			
Fundraising	139,714	0	139,714
Management and general	81,835	0	81,835
Total functional expenses	221,549	0	221,549
Change in net assets	34,251	(23,254)	10,997
Adjusted change in net assets	34,251	(23,254)	10,997
Net assets at beginning of period	1,802,727	117,595	1,920,322
Net assets at end of period	$ 1,836,978	$ 94,341	$ 1,931,319

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, 2023 AND 2022

	2023			
	Program Services	**Fundraising**	**Management and General**	**Total**
Salaries, taxes, and related benefits	$ 107,078	$ 78,524	$ 52,349	$ 237,951
Dues and memberships	7,386	5,417	3,611	16,414
Campaign advertising	0	26,454	0	26,454
Conferences and meetings	2,974	2,181	1,454	6,609
Professional fees	14,823	10,869	7,247	32,939
Supplies	799	586	391	1,776
Postage and shipping	1,351	991	660	3,002
Rent and utilities	19,059	13,976	9,318	42,353
Equipment maintenance and supplies	6,974	5,114	3,410	15,498
Travel expense	1,040	763	508	2,311
Insurance	2,352	1,724	1,150	5,226
Special projects	9,253	6,785	4,524	20,562
Depreciation expense	702	516	343	1,561
Miscellaneous expense	21,149	15,509	10,339	46,997
Other programs	7,028	0	0	7,028
Total	$ 201,968	$ 169,409	$ 95,304	$ 466,681

	2022			
	Program Services	**Fundraising**	**Management and General**	**Total**
Salaries, taxes, and related benefits	$ 108,796	$ 79,784	$ 53,189	$ 241,769
Dues and memberships	10,394	7,622	5,082	23,098
Campaign advertising	0	16,968	0	16,968
Conferences and meetings	2,992	2,194	1,463	6,649
Professional fees	6,915	5,070	3,381	15,366
Supplies	470	344	230	1,044
Postage and shipping	762	559	373	1,694
Rent and utilities	19,035	13,959	9,306	42,300
Equipment maintenance and supplies	6,905	5,063	3,376	15,344
Travel expense	1,096	803	536	2,435
Insurance	2,217	1,626	1,084	4,927
Special projects	4,215	3,091	2,061	9,367
Depreciation expense	627	460	306	1,393
Miscellaneous expense	2,961	2,171	1,448	6,580
Gear up	200,582	0	0	200,582
Other programs	57,436	0	0	57,436
Total	$ 425,403	$ 139,714	$ 81,835	$ 646,952

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, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:-		
Change in net assets	$ (77,127)	$ 10,997
Adjustments to reconcile the change in net assets to net cash (used) by operating activities:		
Depreciation	1,561	1,393
Principal payments on operating leases	(42,850)	0
Operating lease amortization	42,850	0
Realized / unrealized (gain) on investments	(18,668)	(94,862)
Change in assets and liabilities:		
(Increase) decrease in pledges receivable	(16,688)	23,344
Descrease in receivable - Alber Trust	8,294	32,099
Decrease in prepaid expenses	959	4,041
Increase in accounts payable	82,918	344
Increase (decrease) in accrued payroll liabilities	4,453	(4,393)
Net cash (used) by operating activities	(14,298)	(27,037)
CASH FLOWS FROM INVESTING ACTIVITIES:-		
Purchase of proprety and equipment	(4,932)	0
Change in beneficial interest in assets held by Marion Community Foundation	(54)	1,483
Equity earnings from investment in partnership	(18,000)	(17,698)
Distribution from partnership investment	18,000	17,698
Net cash (used) provided by investing activities	(4,986)	1,483
Net (decrease) in cash and cash equivalents	(19,284)	(25,554)
Cash and cash equivalents - beginning of period	1,301,042	1,326,596
Cash and cash equivalents - end of period	$ 1,281,758	$ 1,301,042

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:-		
Cash paid for:		
Interest	$ 0	$ 0
Income taxes	$ 0	$ 0
SUPPLEMENTAL DISCLOSURES FOR NONCASH INVESTING AND FINANCING ACTIVITIES		
Assets acquired by operating lease	$ 127,650	0

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

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 areas (North Central Ohio). United Way facilitates collaborations between local organizations, mobilizing resources and funding to bring positive collective impact to the community. 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 focusing on three bold goals; improving childhood development, creating safe and affordable housing and helping residents to achieve self-sufficiency. 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 Organization or the passage of time; or b) require that they be maintained in perpetuity by the Organization; 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, 2023 and 2022.

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.

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 Organization's cash.

The following table reflects the Organization's financial assets as of June 30, 2023 and 2022 that are available to meet cash needs for operating expenditures within one year:

	2023	2022
Cash and cash equivalents	$ 1,281,758	$ 1,301,042
Investments, at fair value	232,278	213,610
Pledges receivable, net of allowance for uncollectible accounts	167,424	159,030
	$ 1,681,460	$ 1,673,682

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.

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, 2023 and 2022, the Organization was the recipient of donations with a total fair market value, at the date of donation, of $3,534 and $1,775, 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.

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.

Property and equipment is recorded at cost less accumulated depreciation and consisted of the following at June 30:

	2023	2022
Leasehold improvements	$ 56,500	$ 56,500
Office furniture and equipment	34,147	29,216
Total property and equipment	90,647	85,716
Less accumulated depreciation	(80,770)	(79,210)
Property and equipment - net	$ 9,877	$ 6,506

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 $9,113 and $9,059, as of June 30, 2023 and 2022 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 2023 and 2022, 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, 2023 and 2022.

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 71% and 60% came from campaign revenues in 2023 and 2022 respectively.

Advertising - The Organization expenses advertising costs as they are incurred. Advertising expense totaled $26,454 and $16,968 for the years ended June 30, 2023 and 2022, respectively.

Leases - The Organization determines if an arrangement is a lease at inception. Right of Use (ROU) assets represent the Organization’s right to use an underlying asset for the lease term and lease liabilities represent the Organization’s obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the commencement date based on the present value of the lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short term leases with a lease term of 12 months or less as an expense as incurred and these leases are not included as lease liabilities or right of use assets on the accompanying statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to adopt an industry standard rate of 5% when computing the present value of the lease liabilities.

Recent Accounting Pronouncements - In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases* (Topic 842). This new standard increases transparency and comparability among organizations by requiring the recognition of ROU assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption. The Organization has elected to adopt the package of practical expedients available in the year of adoption. The Organization has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Association's ROU assets.

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, 2023 and 2022.

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.

The following table sets forth the Organization's investment assets at fair value as of June 30, 2023, by level, within the fair value hierarchy:

	Assets at fair value as of June 30, 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments- common stocks	$ 232,278	$ 0	$ 0	$ 232,278
Beneficial interest in assets held by Marion Community Foundation	0	9,113	0	9,113
Total Investments	$ 232,278	$ 9,113	$	$ 241,391

The following table sets forth the Organization's investment assets at fair value as of June 30, 2022, by level, within the fair value hierarchy:

	Assets at fair value as of June 30, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments- common stocks	$ 213,610	$ 0	$ 0	$ 213,610
Beneficial interest in assets held by Marion Community Foundation	0	9,059	0	9,059
Total Investments	$ 213,610	$ 9,059	$ 0	$ 222,669

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, 2023 and 2022:

	2023	**2022**
Net Income	$ 24,207	$ 17,698
Total assets	173,162	173,694
Total liabilities	(145,075)	(151,814)
Net owners equity	$ 28,087	$ 21,880

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.

The Beneficial Interest in Assets Held by Marion Community Foundation balance for the years ended June 30, 2023 and 2022 were as follows:

	2023	2022
Beneficial interest at beginning of year, at fair value	$ 9,059	$ 10,542
Contributions	0	0
Grants	(755)	0
Change in value	853	(1,431)
Administrative fees	(44)	(52)
Beneficial interest at end of year, at fair value	$ 9,113	$ 9,059

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, 2023 and 2022.

Net assets released from donor restrictions by passage of time satisfying the restricted purposes for the year ended June 30, 2023 and 2022 were $710,842 and $677,781, 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 - OPERATING LEASE- RELATED PARTY

The Organization has leasing arrangements where the Organization is the lessee. These arrangements create ROU assets and liabilities. These arrangements are described below. The Association's policy is to not record ROU assets and lease liabilities for leases with terms less than one year.

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, 2023 and 2022.

In June 2021, the Organization entered into a five-year lease for an office copier under an operating lease agreement, which expires on June 28, 2026. Rental expense was $2,975 for the year ended June 30, 2023 and 2022.

The following table provides quantitative information concerning the Organization's operating lease for the year ended June 30, 2023:

Lease expense	**2023**
Operating lease expense	$ 42,850
Total	$ 42,850

Other Information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$	42,850
ROU assets obtained in exchange for new operating lease liabilities	$	127,650
Weighted-average remaining lease term in years for operating leases		2.23
Weighted-average discount rate for operating leases		5.00%

A maturity analysis of annual discounted cash flows for lease liabilities as of June 30, 2023 is as follows:

2024	$	42,850
2025		42,850
2026		9,373
Total undiscounted cash flows		95,073
Less: present value discount	(	4,921)
Total lease liabilities	$	90,152

NOTE 7 - 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, 2023 and 2022 was $9,749 and $20,095, respectively.

NOTE 8 - CONCENTRATIONS

Approximately 20% of the 2023 campaign support came from two companies and their employees. These companies also account for 32% of the pledges receivable balance as of June 30, 2023.

Approximately 20% of the 2022 campaign support came from two companies and their employees. These companies also account for 51% of the pledges receivable balance as of June 30, 2022.

NOTE 9 - 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 10 - SUBSEQUENT EVENTS

The Organization evaluated subsequent events through November 15, 2023, the date which the financial statements were available to be issued.