



The United Way of Greater Lorain County, Inc.

Financial Statements
June 30, 2018 and 2017

Cohen & Co

cohencpa.com

THE UNITED WAY OF GREATER LORAIN COUNTY, INC.

JUNE 30, 2018 AND 2017

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	2 - 3
STATEMENT OF FINANCIAL POSITION	
June 30, 2018 and 2017	4
STATEMENT OF ACTIVITIES	
Year ended June 30, 2018, with comparative totals for 2017	5
STATEMENT OF FUNCTIONAL EXPENSES	
Year ended June 30, 2018, with comparative totals for 2017	6
STATEMENT OF CASH FLOWS	
Years ended June 30, 2018 and 2017	7
NOTES TO THE FINANCIAL STATEMENTS	8 - 15

BOARD OF DIRECTORS
THE UNITED WAY OF GREATER LORAIN COUNTY, INC.

Independent Auditors' Report

We have audited the accompanying financial statements of The United Way of Greater Lorain County, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 The United Way of Greater Lorain County, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited The United Way of Greater Lorain County, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 20, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Cohen & Company Ltd.

September 27, 2018
Cleveland, Ohio

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>		<u>2018</u>	<u>2017</u>
ASSETS			LIABILITIES AND NET ASSETS		
CURRENT ASSETS			CURRENT LIABILITIES		
Cash	\$ 119,614	\$ 172,054	Current portion of long-term debt	\$ 11,956	\$ 168
Investments	3,691,782	3,996,078	Accounts payable - Trade and dues	74,455	238,370
Campaign pledges receivable - Net of allowance for uncollectible pledges of \$93,991 (2018) and \$108,286 (2017)	932,871	1,044,405	- Donor designations	588,864	647,143
Grants receivable	15,000	19,327	Grants payable	813,769	601,452
Interest receivable	8,039	6,938	Accrued expenses	36,075	37,783
Other receivables	6,450	4,569	Deferred revenue	<u>33,500</u>	<u>123,150</u>
Prepays and deposits	<u>7,020</u>	<u>30,887</u>		1,558,619	1,648,066
	<u>4,780,776</u>	<u>5,274,258</u>	LONG-TERM LIABILITIES		
PROPERTY AND EQUIPMENT			Long-term debt	365,869	85,693
Land	9,100	9,100	Accrued postemployment benefits	<u>25,847</u>	<u>25,161</u>
Building	550,941	347,273		<u>1,950,335</u>	<u>1,758,920</u>
Furniture and equipment	87,100	36,947	COMMITMENTS		
Computers and software	73,415	64,974	UNRESTRICTED NET ASSETS		
Leasehold improvements	<u>27,679</u>	<u>27,679</u>	Undesignated	1,428,047	1,452,343
	720,556	485,973	Board designated - Cash flow fund	85,000	85,000
Less: Accumulated depreciation	<u>104,273</u>	<u>119,580</u>	- Community impact	347,550	652,804
	<u>616,283</u>	<u>366,393</u>	- Allocation and operation reserve	<u>598,247</u>	<u>563,782</u>
BENEFICIAL INTEREST IN FUNDS HELD AT COMMUNITY FOUNDATION	<u>21,945</u>	<u>21,834</u>		2,458,844	2,753,929
TRUST RECEIVABLE	<u>32,533</u>	<u>32,977</u>	TEMPORARILY RESTRICTED NET ASSETS	1,020,413	1,160,779
	<u>\$ 5,451,537</u>	<u>\$ 5,695,462</u>	PERMANENTLY RESTRICTED NET ASSETS	<u>21,945</u>	<u>21,834</u>
				<u>3,501,202</u>	<u>3,936,542</u>
				<u>\$ 5,451,537</u>	<u>\$ 5,695,462</u>

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

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018, WITH COMPARATIVE TOTALS FOR 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2018	Total 2017
PUBLIC SUPPORT AND REVENUE					
Prior year campaign contributions	\$ 56,143			\$ 56,143	\$ 105,361
Net assets released from restrictions:					
Prior year campaign contributions	1,645,313	\$ (1,645,313)			
Less: Provision for uncollectible pledges	(101,862)	101,862			
Less: Donor designations	(434,984)	434,984			
Current year campaign contributions	777,401	1,405,198		2,182,599	2,397,321
Less: Provision for uncollectible pledges		(87,819)		(87,819)	(101,861)
Less: Donor designations		(358,916)		(358,916)	(434,984)
Designations from other United Ways	93,236			93,236	102,781
Less: Provision for uncollectible pledges	(6,172)			(6,172)	(6,424)
Grants	92,210			92,210	90,916
Bequests	3,660			3,660	3,570
Sponsorships	3,750			3,750	2,750
Gifts in kind	11,432			11,432	10,752
Investment income - Net of investment fees	143,176		\$ 111	143,287	195,259
Change in fair value of trust receivable		(444)		(444)	2,171
Service fees	30,950			30,950	33,096
Special event	13,918			13,918	11,638
Miscellaneous	1,283			1,283	2
Other contributions	5,000	10,082		15,082	31,585
Total public support and revenue	<u>2,334,454</u>	<u>(140,366)</u>	<u>111</u>	<u>2,194,199</u>	<u>2,443,933</u>
GRANTS, SERVICES, DUES, AND OTHER EXPENSES					
Grants and community services	1,800,019			1,800,019	1,583,555
Information and referral	116,991			116,991	120,932
Financial Stability Free Tax Coalition	69,304			69,304	70,433
	<u>1,986,314</u>			<u>1,986,314</u>	<u>1,774,920</u>
Other United Way expenses:					
Fundraising	299,131			299,131	321,178
Agency administration	344,094			344,094	276,598
Total other United Way expenses	<u>643,225</u>			<u>643,225</u>	<u>597,776</u>
Total grant, services, dues, and other expenses	<u>2,629,539</u>			<u>2,629,539</u>	<u>2,372,696</u>
CHANGE IN NET ASSETS	(295,085)	(140,366)	111	(435,340)	71,237
NET ASSETS - BEGINNING OF YEAR	<u>2,753,929</u>	<u>1,160,779</u>	<u>21,834</u>	<u>3,936,542</u>	<u>3,865,305</u>
NET ASSETS - END OF YEAR	<u>\$ 2,458,844</u>	<u>\$ 1,020,413</u>	<u>\$ 21,945</u>	<u>\$ 3,501,202</u>	<u>\$ 3,936,542</u>

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

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018, WITH COMPARATIVE TOTALS FOR 2017

	Program			Fundraising	Agency Administration	Total 2018	Total 2017
	Grants and Community Services	Information and Referral	Financial Stability Free Tax Coalition				
Grants to collaboratives	\$ 1,439,523					\$ 1,439,523	\$ 1,110,010
Salaries	142,318	\$ 7,563	\$ 32,259	\$ 138,114	\$ 185,476	505,730	535,635
Employee benefits	31,523	1,675	7,145	30,592	40,906	111,841	108,714
Payroll taxes	10,900	579	3,249	11,574	14,206	40,508	43,024
	<u>184,741</u>	<u>9,817</u>	<u>42,653</u>	<u>180,280</u>	<u>240,588</u>	<u>658,079</u>	<u>687,373</u>
Contract services		97,500	3,553			101,053	104,552
Volunteer center	52,918					52,918	56,638
Market research and advertising	4,548	99	4,699	19,979	1,076	30,401	42,562
Case management and training	26,762					26,762	31,950
Information systems	6,388	105	1,762	7,822	4,954	21,031	44,056
Rent							27,200
Maintenance and rental	4,556		1,035	4,413	5,926	15,930	21,950
Building consulting	979		223	948	1,274	3,424	20,078
Professional fees	31,068	4,145	2,497	10,792	15,298	63,800	49,136
Travel and conferences	4,320	181	996	7,748	6,446	19,691	28,201
Utilities and telephone	4,446	4,964	1,011	4,307	5,783	20,511	18,290
Interest					15,610	15,610	
Real estate taxes					13,060	13,060	
Community workshops	3,635					3,635	5,937
Board development	62			4,045	73	4,180	8,635
Campaign representatives				13,003		13,003	8,795
Supplies	2,145		320	3,643	2,936	9,044	6,442
Campaign and other events	2,407			6,695		9,102	10,952
Development materials				6,974		6,974	13,840
Week of caring	1,642					1,642	4,774
National dues	7,284			7,046	9,474	23,804	24,195
Site coordinators			10,162			10,162	6,967
Insurance	1,727		393	1,673	2,247	6,040	5,564
Postage	694			1,592	723	3,009	4,469
Subscriptions and dues	2,384	180		3,237	4,054	9,855	13,024
	<u>157,965</u>	<u>107,174</u>	<u>26,651</u>	<u>103,917</u>	<u>88,934</u>	<u>484,641</u>	<u>558,207</u>
Other expenses:							
In-kind	6,816			4,318	298	11,432	10,752
Depreciation	10,974			10,616	14,274	35,864	6,354
	<u>17,790</u>			<u>14,934</u>	<u>14,572</u>	<u>47,296</u>	<u>17,106</u>
	<u>\$ 1,800,019</u>	<u>\$ 116,991</u>	<u>\$ 69,304</u>	<u>\$ 299,131</u>	<u>\$ 344,094</u>	<u>\$ 2,629,539</u>	<u>\$ 2,372,696</u>

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

STATEMENT OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS USED IN OPERATING ACTIVITIES		
Change in net assets	\$ (435,340)	\$ 71,237
Noncash items included in operating activities		
Depreciation	35,864	6,354
Unrealized (gains) losses on investments	27,926	(113,661)
Realized gains on investments	(123,556)	(36,728)
Gain on sale of property and equipment	(814)	
Decrease (increase) in fair value of trust receivable	444	(2,171)
Increase in accrued postemployment benefits	686	1,265
Increase (decrease) in cash caused by changes in current items		
Campaign pledges receivable - Net	111,534	(29,924)
Grants receivable	4,327	(19,327)
Interest receivable	(1,101)	(152)
Other receivables	(1,881)	12,586
Prepays and deposits	23,867	(18,546)
Accounts payable - Trade and dues	(20,570)	27,119
Accounts payable - Donor designations	(58,279)	(45,969)
Grants payable	212,317	(167,154)
Accrued expenses	(1,708)	11,903
Deferred revenue	(89,650)	51,650
Net cash flow used in operations	<u>(315,934)</u>	<u>(251,518)</u>
CASH FLOWS PROVIDED FROM INVESTING ACTIVITIES		
Purchase of investments	(1,345,598)	(980,163)
Proceeds from redemption/sale of investments	1,745,413	1,244,244
Purchase of property and equipment	(96,488)	(128,670)
Proceeds from sale of property and equipment	2,342	
	<u>305,669</u>	<u>135,411</u>
CASH FLOWS USED IN FINANCING ACTIVITY		
Repayments on long-term debt	<u>(42,175)</u>	
NET DECREASE IN CASH	(52,440)	(116,107)
CASH - BEGINNING OF YEAR	<u>172,054</u>	<u>288,161</u>
CASH - END OF YEAR	<u>\$ 119,614</u>	<u>\$ 172,054</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Purchase of property and equipment funded by borrowings on long-term debt	<u>\$ 190,794</u>	<u>\$ 85,861</u>
Conversion of accounts payable - Trade and dues to long-term debt	<u>\$ 143,345</u>	
Purchase of property and equipment funded by accounts payable - Trade and dues		<u>\$ 143,345</u>

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

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The United Way of Greater Lorain County, Inc. (the Organization), is a committed and vital nonprofit organization devoted to identifying, promoting, and supporting the delivery of effective social services to the total community.

Cash

Cash is maintained at financial institutions and may, at times, exceed federally insured amounts. For cash flow purposes, money market funds and certificates of deposit are classified as investments.

Use of Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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.

Revenue Recognition

Pledges of contributions are recorded as revenue at the time pledges are made. All contributions are considered available for unrestricted use, unless received with donor stipulations that limit the use of the assets. When a donor restriction expires, for example, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of cash, long-lived assets or other assets with explicit restrictions that specify how the donated assets must be used are reported as restricted support. Absent explicit donor stipulation about how long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Campaign Pledges Receivable and Credit Policies

The carrying amount of receivables is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management estimates an allowance for the aggregate remaining campaign pledges receivable based on historical collectability. Additionally, management individually reviews all campaign pledges receivable balances that exceed one year from pledge date and estimates the portion, if any, of the balance that will not be collected. When receivables are determined to be uncollectible, they are written off against the allowance for uncollectible pledges.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Campaign Pledges Receivable and Credit Policies (continued)

Pledges of contributions are recorded as receivables and temporarily restricted net assets at the time pledges are made. The Organization records special event campaign pledges as unrestricted net assets. Net assets are released from restrictions at the time the funds are received and utilized or allocated. Pledge receivables recorded at June 30, 2018 and 2017, are expected to be received within one year and are recorded at their net realizable value.

Donor Designations

Donor designations deducted from current year campaign contributions on the statement of activities consist of all pledges designated to external entities/agencies/programs over which the Organization exercises/retains no discretion as to use due to:

- Donor instruction
- Contractual agreement between the organizations as to the distribution of pledges across service area boundaries
- Other circumstances that remove the Organization's discretion as to use

Property and Equipment

Purchased assets are recorded at cost at the date of acquisition or fair value at the date of donation. Routine maintenance, repairs, and minor renewals and replacement of the assets are expensed. Expenditures that significantly increase values, change capacities, or extend useful lives are capitalized. Depreciation is computed by the straight-line method. Assets are depreciated over their estimated useful lives as follows:

Building	30 years
Furniture and equipment	7 years
Computers and software	3 years
Leasehold improvements	5 - 10 years

Investments

Investments at June 30, 2018 and 2017, are carried at fair value and consist of marketable debt securities and mutual funds. Realized and unrealized gains and losses are recognized in the statement of activities. Investment income as reported is net of related expenses.

Components of investment income for the years ended June 30, 2018 and 2017, are as follows:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 72,842	\$ 71,069
Realized gains	123,556	36,728
Unrealized gains (losses)	(27,926)	113,661
Less: Investment fees	(25,185)	(26,199)
	<u>\$ 143,287</u>	<u>\$ 195,259</u>

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

The various inputs that may be used to determine the fair value of the Organization's assets and liabilities are summarized in three broad levels:

- Level 1 - Quoted prices in active markets for identical securities
- Level 2 - Other significant observable inputs (including quoted prices for similar securities, interest rates, credit risk, etc.)
- Level 3 - Significant unobservable inputs (including the Organization's own assumptions used to determine value)

The following is a description of the valuation methodologies used for assets of the Organization at fair value at June 30, 2018 and 2017:

- Mutual funds and money market funds - Valued at the daily closing price as reported by the fund.
- U.S. government bonds - Valued using pricing models maximizing the use of observable inputs for similar securities.
- Certificates of deposit - Valued based on the quoted prices of similar assets. The certificates have maturities through November 2021.
- Trust receivable - Valued at fair value of the portion of the Organization's interest in these funds which approximates the present value of the future distributions expected to be received.
- Beneficial interest in funds held at Community Foundation of Greater Lorain County (the Foundation) - Valued at fair value of the portion of the Organization's interest in these funds, as determined by the value of the underlying assets as reported by the Foundation (see Note 3).

Assets measured at fair value are comprised of the following at June 30, 2018:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 1,351,444		
Money market funds	235,193		
U.S. government bonds		\$ 883,027	
Certificates of deposit		1,222,118	
Beneficial interest in funds held at Foundation			\$ 21,945
Trust receivable		32,533	
	<u>\$ 1,586,637</u>	<u>\$ 2,137,678</u>	<u>\$ 21,945</u>

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (continued)

Assets measured at fair value are comprised of the following at June 30, 2017:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 1,769,666		
Money market funds	87,930		
U.S. government bonds		\$ 1,091,717	
Certificates of deposit		1,046,765	
Beneficial interest in funds held at Foundation			\$ 21,834
Trust receivable		32,977	
	<u>\$ 1,857,596</u>	<u>\$ 2,171,459</u>	<u>\$ 21,834</u>

Activity for Level 3 investments is as follows:

Balance at July 1, 2016	\$ 20,253
Change in value of funds held in trust by others	<u>1,581</u>
Balance at June 30, 2017	21,834
Change in value of funds held in trust by others	<u>111</u>
Balance at June 30, 2018	<u>\$ 21,945</u>

See Notes 2, 3, and 4 for a description of the investments.

There were no transfers between levels in either year.

Income Taxes

The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes.

Uncertain Tax Positions

The Organization recognizes and discloses uncertain tax positions in accordance with GAAP. As of and during the years ended June 30, 2018 and 2017, the Organization did not have a liability for unrecognized tax benefits.

Gifts in Kind

Donated equipment and services are recorded at fair value when received. For the years ended June 30, 2018 and 2017, the Organization received \$11,432 and \$10,752, respectively, in donated media and other services.

Concentration of Risk

Pledges from one employer organization and its employees accounted for approximately 48% and 44% of public support and revenue for 2018 and 2017, respectively. The same organization and its employees accounted for approximately 11% and 17% of campaign pledges receivable at June 30, 2018 and 2017, respectively.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Financial Statements

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated between program and supporting services (fundraising and agency administration).

Subsequent Events

Management has evaluated subsequent events through September 27, 2018, the date the financial statements were available to be issued.

2. INVESTMENTS

The fair value and cost of investments at June 30, 2018 and 2017, are as follows:

	2018		2017	
	Fair Value	Cost	Fair Value	Cost
Mutual funds	\$ 1,351,444	\$ 1,071,970	\$ 1,769,666	\$ 1,495,353
U.S. government bonds	883,027	899,516	1,091,717	1,099,200
Certificates of deposit	1,222,118	1,250,825	1,046,765	1,050,825
Money market funds	235,193	234,627	87,930	87,930
	<u>\$ 3,691,782</u>	<u>\$ 3,456,938</u>	<u>\$ 3,996,078</u>	<u>\$ 3,733,308</u>

3. BENEFICIAL INTEREST IN FUNDS HELD AT COMMUNITY FOUNDATION

The Organization is the beneficiary of an endowment fund held at the Foundation whose assets have a fair value of \$205,884 and \$202,107 at June 30, 2018 and 2017, respectively. These assets are subject to the Foundation's investment and payout policy. Because the Foundation holds variance power over a portion of the endowment fund, certain funds are not reported on the statement of financial position. Payouts to the Organization are made annually from the Foundation and amounted to \$8,333 and \$8,430 for the years ended June 30, 2018 and 2017, respectively.

The portion of the endowment fund discussed above that the Organization holds variance power over is \$21,945 and \$21,834 at June 30, 2018 and 2017, respectively. These funds are reported as beneficial interest in funds held at Community Foundation on the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

4. TRUST RECEIVABLE

The Organization is a 5.91% beneficiary of a remainder trust. The Organization will receive income from the trust through 2049. At that point, the Organization will be entitled to receive its share of the remaining principal. At June 30, 2018 and 2017, the Organization's portion of the fair market value of the trust is \$32,533 and \$32,977, respectively. The Organization received \$7,162 and \$5,208 in distributions from the trust for the years ended June 30, 2018 and 2017, respectively.

5. LONG-TERM DEBT

At June 30, 2018, long-term debt consisted of a note, payable to a bank, funding the purchase and renovation of a building for new office space, with maximum borrowings of \$420,000. Interest-only payments at 4.42% were due during the construction period. Following the completion of the renovation, the note is payable in monthly installments, including interest at 4.42%, through May 2027. The renovation was completed in August 2017. The note is collateralized by the building.

At June 30, 2018, future maturities of long-term debt are as follows:

<u>Year ending June 30.</u>	
2019	\$ 11,956
2020	12,496
2021	13,059
2022	13,648
2023	14,264
Thereafter	<u>312,402</u>
	<u>\$ 377,825</u>

At June 30, 2017, \$143,345 was due to various vendors related to the office space renovation. Those payments were made during 2018 and were funded with additional borrowing on the note payable.

Interest expense paid on the long-term debt in 2018 was \$15,610. Interest expense paid on the long-term debt in 2017 was minor and was capitalized into the cost of the building.

6. ACCRUED POSTEMPLOYMENT BENEFITS

The Organization sponsored a life insurance plan that was terminated in 2012. Funds not paid out to retired employees were allocated to employees active at the time the plan was terminated. These funds were put into an interest-bearing account with income and fees allocated ratably based on the original employee amount. Each employee's portion will be paid out upon employee retirement or forfeited to the Organization should an employee leave before retirement age. The balance of this account amounted to \$25,847 and \$25,161 at June 30, 2018 and 2017, respectively, and is included in investments on the statement of financial position. At June 30, 2018 and 2017, accrued benefits totaled \$25,847 and \$25,161, respectively.

NOTES TO THE FINANCIAL STATEMENTS

7. BOARD DESIGNATED NET ASSETS

The Board of Directors has approved a reserve policy in which a designation of unrestricted net assets of the Organization to provide for three months of allocations and three months of operations that may be required as a result of a significant downturn in the economy. The Board approved amounts of \$598,247 and \$563,782 at June 30, 2018 and 2017, respectively.

The Board of Directors has approved a revolving cash flow loan fund to be used to provide short-term financing to nonprofit organizations. The balance of this fund available to be loaned is \$85,000 at both June 30, 2018 and 2017.

The Board of Directors has also approved a designation of unrestricted net assets of the Organization to provide for future community impact and community collaborations with various companies and organizations in Lorain County. The Board approved amounts of \$347,550 and \$652,804 at June 30, 2018 and 2017, respectively.

8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2018 and 2017, consisted of donations received for the following purposes:

	<u>2018</u>	<u>2017</u>
Total campaign pledges	\$ 2,182,599	\$ 2,397,321
Less: Unrestricted special event pledges	777,401	767,008
Less: Estimated allowance for uncollectible pledges	87,819	101,861
Net temporarily restricted campaign pledges	<u>\$ 1,317,379</u>	<u>\$ 1,528,452</u>
Temporarily restricted net assets:		
Funds received prior to June 30	\$ 765,308	\$ 882,846
Pledges receivable at June 30	<u>552,071</u>	<u>645,606</u>
Net campaign pledges raised for subsequent year	1,317,379	1,528,452
Less: Funds raised on behalf of others	<u>358,916</u>	<u>434,985</u>
	<u>958,463</u>	<u>1,093,467</u>
Future period net assets:		
Campaign contributions	8,067	6,035
Capital campaign contributions	21,350	28,300
Trust receivable	<u>32,533</u>	<u>32,977</u>
	<u>61,950</u>	<u>67,312</u>
	<u>\$ 1,020,413</u>	<u>\$ 1,160,779</u>

9. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at June 30, 2018 and 2017, consist of an endowment held at the Community Foundation of Lorain County where the principal must be held intact and is subject to the Foundation's investment policy.

NOTES TO THE FINANCIAL STATEMENTS

10. COMMITMENTS

Leases

The Organization leases equipment to run its operation under non-cancelable agreements expiring at various times through 2023. The following is a schedule of future minimum lease payments required under non-cancellable operating leases:

<u>Year ending June 30.</u>		
2019	\$	5,658
2020		5,658
2021		5,658
2022		5,374
2023		440
Total minimum payments required	\$	<u>22,788</u>

Rent expense for the years ended June 30, 2018 and 2017, amounted to \$5,582 and \$31,931, respectively.

Collaboratives

The Organization organizes and supports community collaboratives, which are groups of cross-sector organizations working formally together to create systems change and target the root causes of complex social problems in the community. Funding available to be allocated in 2018 for use in 2018 and 2019 amounted to \$1,439,523, with a balance to be paid at June 30, 2018 of \$ 813,769, which is included in grants payable on the statement of financial position. Funds have been reserved for community collaboratives and will be allocated as the community collaboratives are approved by the Board of Directors. Funding in future years is contingent upon certain levels of donor funding to the Organization.

11. RETIREMENT PLAN

The Organization maintains a 401(k) retirement plan which covers substantially all employees. The Organization will make matching contributions to each eligible employee's contribution up to 3% of the employee's compensation. In addition, the Organization will match 50% of the employee's contributions that exceed 3%, but not more than 5% of the employee's compensation. For the years ended June 30, 2018 and 2017, employer contributions totaled \$20,591 and \$20,731, respectively.