



The United Way of Greater Lorain County, Inc.

Financial Statements
June 30, 2024 and 2023

Cohen & Co

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THE UNITED WAY OF GREATER LORAIN COUNTY, INC.

JUNE 30, 2024 AND 2023

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Independent Auditor's Report

Board of Directors
The United Way of Greater Lorain County, Inc.

Opinion

We have audited the accompanying financial statements of The United Way of Greater Lorain County, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The United Way of Greater Lorain County, Inc. as of June 30, 2024, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The United Way of Greater Lorain County, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The United Way of Greater Lorain County, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The United Way of Greater Lorain County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The United Way of Greater Lorain County, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited The United Way of Greater Lorain County, Inc.'s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 27, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Cleveland, Ohio
October 31, 2024

Cohen & Company Ltd.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

	2024	2023		2024	2023
ASSETS			LIABILITIES AND NET ASSETS		
CURRENT ASSETS			CURRENT LIABILITIES		
Cash	\$ 207,638	\$ 180,437	Accounts payable	\$ 55,113	\$ 47,774
Investments	2,846,047	3,016,907	- Trade and dues		
Campaign pledges receivable - Net of allowance for uncollectible pledges of \$62,427 (2024) and \$69,187 (2023)	514,858	666,917	- Donor designations	369,980	380,155
Grant receivable	204,994	65,480	Grants payable	509,996	569,992
Interest receivable	20,785	10,608	Accrued expenses	44,519	35,862
Other receivables	20	1,597	Deferred revenue	46,000	73,825
Prepays and deposits	16,416	10,755		1,025,608	1,107,608
	3,810,758	3,952,701			
PROPERTY AND EQUIPMENT					
Land	9,100	9,100			
Building and improvements	644,327	599,216	COMMITMENTS AND CONTINGENCIES		
Furniture and equipment	89,277	90,526			
Computers and software	89,061	89,061	NET ASSETS WITHOUT DONOR RESTRICTIONS		
	831,765	787,903	Undesignated	1,960,141	1,692,304
Less: Accumulated depreciation	326,082	285,607	Board designated	197	71,962
	505,683	502,296	- Community impact		
			- Allocation and operation reserve	523,544	596,862
				2,483,882	2,361,128
BENEFICIAL INTEREST IN FUNDS HELD AT COMMUNITY FOUNDATION	23,462	21,959			
TRUST RECEIVABLE	47,781	46,460	NET ASSETS WITH DONOR RESTRICTIONS	878,194	1,054,680
				3,362,076	3,415,808
	\$ 4,387,684	\$ 4,523,416		\$ 4,387,684	\$ 4,523,416

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

STATEMENT OF ACTIVITIES				
YEAR ENDED JUNE 30, 2024, WITH COMPARATIVE TOTALS FOR 2023				
	Without Donor Restrictions	With Donor Restrictions	Total 2024	Total 2023
PUBLIC SUPPORT AND REVENUE				
Prior year campaign contributions	\$ 30,061	\$ -	\$ 30,061	\$ 34,249
Net assets released from restrictions:			-	
Prior year campaign contributions	1,034,180	(1,034,180)	-	-
Less: Provision for uncollectible pledges	(64,636)	64,636	-	-
Less: Donor designations	(198,018)	198,018	-	-
Purpose restricted grants released	207,256	(207,256)	-	-
Current year campaign contributions	595,241	956,649	1,551,890	1,758,277
Less: Provision for uncollectible pledges	-	(59,791)	(59,791)	(64,636)
Less: Donor designations	-	(214,418)	(214,418)	(198,018)
Designations from other United Ways	42,182	-	42,182	67,877
Less: Provision for uncollectible pledges	(2,636)	-	(2,636)	(4,242)
Capital donations	16,050		16,050	-
Grants	752,110	117,000	869,110	674,184
Bequests	4,045	-	4,045	3,920
Sponsorships	5,000	-	5,000	2,500
Gifts in-kind	14,012	-	14,012	13,009
Investment income - Net of investment fees	283,014	1,504	284,518	149,708
Change in fair market value of trust receivable	-	1,321	1,321	3,380
Service fees	28,073	-	28,073	30,198
Special event	27,900	-	27,900	21,712
Miscellaneous	10,187	-	10,187	7,467
Other contributions	4,401	31	4,432	565
Total public support and revenue	<u>2,788,422</u>	<u>(176,486)</u>	<u>2,611,936</u>	<u>2,500,150</u>
EXPENSES				
Program service expenses:				
Grants and community services	1,610,683	-	1,610,683	1,589,147
Information and referral	128,345	-	128,345	125,835
Financial Stability Free Tax Coalition	79,531	-	79,531	77,071
Homeless systems management	76,707	-	76,707	79,020
Transport initiatives	105,543	-	105,543	165,886
Total program service expenses	<u>2,000,809</u>	<u>-</u>	<u>2,000,809</u>	<u>2,036,959</u>
Other United Way expenses:				
Fundraising	290,294	-	290,294	290,455
Agency administration	374,565	-	374,565	361,430
Total other United Way expenses	<u>664,859</u>	<u>-</u>	<u>664,859</u>	<u>651,885</u>
Total expenses	<u>2,665,668</u>	<u>-</u>	<u>2,665,668</u>	<u>2,688,844</u>
CHANGE IN NET ASSETS	122,754	(176,486)	(53,732)	(188,694)
NET ASSETS - BEGINNING OF YEAR	<u>2,361,128</u>	<u>1,054,680</u>	<u>3,415,808</u>	<u>3,604,502</u>
NET ASSETS - END OF YEAR	<u>\$ 2,483,882</u>	<u>\$ 878,194</u>	<u>\$ 3,362,076</u>	<u>\$ 3,415,808</u>

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

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024, WITH COMPARATIVE TOTALS FOR 2023

	Program					Fundraising	Agency Administration	Total 2024	Total 2023
	Grants and Community Services	Information and Referral	Financial Stability Free Tax Coalition	Homeless Systems Management	Transportation Initiatives				
Grants to collaboratives	\$ 1,131,559	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,131,559	\$ 1,247,544
Salaries	145,353	5,477	51,628	55,897	68,313	153,541	201,224	681,433	659,501
Employee benefits	27,546	885	7,835	11,215	15,739	30,909	41,137	135,266	126,301
Payroll taxes	10,972	421	4,634	4,269	5,242	11,495	15,113	52,146	50,856
	<u>183,871</u>	<u>6,783</u>	<u>64,097</u>	<u>71,381</u>	<u>89,294</u>	<u>195,945</u>	<u>257,474</u>	<u>868,845</u>	<u>836,658</u>
AmeriCorps and interns	-	-	-	-	-	-	-	-	4,868
Bad debt expense	-	-	-	-	-	-	17,090	17,090	-
Board development	819	-	-	-	-	-	-	819	1,752
Campaign and other events	3,717	-	-	-	-	206	107	4,030	3,500
Community workshops	37,922	-	-	-	-	-	-	37,922	4,013
Contract services	168,335	120,805	3,001	-	2,343	650	-	295,134	279,952
Development materials	-	-	-	-	-	-	1,559	1,559	5,357
Extraordinary expense	5,672	-	-	-	-	6,832	8,981	21,485	-
Household goods pilot	4,821	-	-	-	-	-	-	4,821	3,179
Information systems	9,109	-	894	2,397	2,709	16,596	13,603	45,308	52,215
Insurance	2,067	-	-	-	-	2,506	3,306	7,879	7,708
Maintenance and rental	5,811	-	-	-	-	7,050	9,309	22,170	17,319
Market research and advertising	6,860	417	566	209	3,807	10,793	915	23,567	37,558
National dues	6,261	-	-	-	-	7,542	9,914	23,717	22,114
Postage	712	-	-	-	-	951	1,128	2,791	3,500
Professional fees	9,658	10	88	118	64	11,560	21,929	43,427	49,781
Site coordinators	-	-	9,676	-	-	-	-	9,676	10,315
Subscriptions and dues	242	330	-	-	862	291	2,257	3,982	4,240
Supplies	1,307	-	715	239	272	1,181	1,842	5,556	4,266
Travel and conferences	5,062	-	139	1,106	5,837	2,254	1,457	15,855	18,224
Utilities and telephone	4,148	-	355	355	355	5,026	6,630	16,869	16,366
Volunteer engagement	6,034	-	-	-	-	-	-	6,034	2,054
	<u>278,557</u>	<u>121,562</u>	<u>15,434</u>	<u>4,424</u>	<u>16,249</u>	<u>73,438</u>	<u>100,027</u>	<u>609,691</u>	<u>548,281</u>
Other expenses:									
In-kind	6,031	-	-	-	-	7,981	-	14,012	13,009
Depreciation	10,665	-	-	902	-	12,930	17,064	41,561	43,352
	<u>16,696</u>	<u>-</u>	<u>-</u>	<u>902</u>	<u>-</u>	<u>20,911</u>	<u>17,064</u>	<u>55,573</u>	<u>56,361</u>
	<u>\$ 1,610,683</u>	<u>\$ 128,345</u>	<u>\$ 79,531</u>	<u>\$ 76,707</u>	<u>\$ 105,543</u>	<u>\$ 290,294</u>	<u>\$ 374,565</u>	<u>\$ 2,665,668</u>	<u>\$ 2,688,844</u>

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

STATEMENT OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS USED IN OPERATING ACTIVITIES		
Change in net assets	\$ (53,732)	\$ (188,694)
Noncash items included in operating activities		
Depreciation	41,561	43,352
Unrealized (gains) losses on investments	(183,308)	71,512
Realized losses (gains) on investments	2,523	(139,051)
Gain on sale of property and equipment	(136)	-
Increase in fair value of trust receivable	(1,321)	(3,380)
Decrease in accrued postemployment benefits	-	(18,010)
Increase (decrease) in cash caused by changes in current items		
Campaign pledges receivable - Net	152,059	(24,085)
Grant receivable	(139,514)	33,668
Interest receivable	(10,177)	(3,370)
Other receivables	1,577	933
Prepays and deposits	(5,661)	(1,225)
Accounts payable - Trade and dues	7,339	(91,468)
Accounts payable - Donor designations	(10,175)	(57,050)
Grants payable	(59,996)	144,546
Accrued expenses	8,657	(15,074)
Deferred revenue	(27,825)	38,075
Net cash flow used in operations	<u>(278,129)</u>	<u>(209,321)</u>
CASH FLOWS PROVIDED FROM INVESTING ACTIVITIES		
Purchase of investments	(864,417)	(1,138,590)
Proceeds from redemption/sale of investments	1,214,559	1,375,687
Purchase of property and equipment	(45,112)	(49,238)
Proceeds from sale of property and equipment	300	-
	<u>305,330</u>	<u>187,859</u>
NET INCREASE (DECREASE) IN CASH	27,201	(21,462)
CASH - BEGINNING OF YEAR	<u>180,437</u>	<u>201,899</u>
CASH - END OF YEAR	<u>\$ 207,638</u>	<u>\$ 180,437</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.

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.

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.

Revenue RecognitionContracts with Customers

The Organization's revenue from contracts with customers consists primarily of service fees. Service fee income amounted to \$28,073 and \$30,198 for the years ended June 30, 2024 and 2023, respectively. Obligations for the service fees are satisfied and recognized at a point in time as the services are performed. As of June 30, 2024 and 2023, there were no outstanding obligations for these fees.

Contribution Revenue

Unconditional 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (continued)Contribution Revenue (continued)

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. A receivable is recorded to the extent grants earned exceed cash advances. Conversely, deferred revenue is recorded when grant or contract cash advances exceed support earned. There were no such advances received for the years ended June 30, 2024 and 2023. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization received cost-reimbursable grants of \$52,656 and \$72,429 that have not been recognized for the years ended June 30, 2024 and 2023, respectively. The grantors may, at their discretion, request reimbursement for unallowed expenses as a result of noncompliance by the Organization with the terms of the grant. On certain grants, if advances exceed eligible costs, the funds must be returned to the grantor. No funds were required to be returned during the current year or prior year.

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.

Endowment contributions and related investments are restricted by the donor and recorded in net assets with donor restrictions. Investment earnings are recorded in net assets with donor restrictions and are released from restrictions when those amounts are appropriated for expenditure by the Organization.

Pledges made for special events are recognized at the time of the event. Pledges received prior to the fiscal year to which they apply are deferred until the period earned and recorded in deferred revenue. At June 30, 2024 and 2023, deferred revenue related to special events scheduled to occur subsequent to year end amounted to \$46,000 and \$73,825, respectively.

Contribution Expense

The Organization records unconditional grants as expenses in the year they are approved. Grants payable over multiple years are discounted and reported at net present value. Conditional grants are recognized as grant expense in the period in which the recipient substantially meets the condition.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Pledges of contributions are recorded as receivables and net assets with donor restrictions at the time pledges are made. The Organization records special event campaign pledges as net assets without donor restrictions. Net assets are released from restrictions at the time the funds are received and utilized or allocated. Pledge receivables recorded at June 30, 2024 and 2023, 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 in 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.

Investments

Investments at June 30, 2024 and 2023, 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.

Property and Equipment

Property and equipment are recorded at cost at the date of acquisition or fair value at 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 and improvements	30 years
Furniture and equipment	7 years
Computers and software	3 years

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2024 and 2023, 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, 2024 and 2023, the Organization received \$14,012 and \$13,009, respectively, in donated media and other services.

Concentration of Risk

Pledges from one employer organization and its employees accounted for approximately 39% and 45% of public support and revenue for 2024 and 2023, respectively. The same organization and its employees accounted for approximately 23% and 26% of campaign pledges receivable at June 30, 2024 and 2023, respectively.

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, 2023, from which the summarized information was derived.

Functional Allocation of Expenses

The statements of activities and functional expenses report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, employee benefits and related taxes, occupancy, and overhead, which are allocated on the basis of actual and estimates of time and effort.

Subsequent Events

Management has evaluated subsequent events through October 31, 2024, the date the financial statements were available to be issued.

NOTES TO THE FINANCIAL STATEMENTS

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Organization had investments of \$2,846,047 and \$3,016,907 at June 30, 2024 and 2023, respectively, which can be drawn upon if necessary. Additionally, the Organization had board designated net assets amounting to \$523,741 and \$668,824 at June 30, 2024 and 2023, respectively. While the Organization does not intend to spend these board designated amounts for purposes other than those identified, the amounts could be made available for current operations if necessary.

The Organization's financial assets available to meet cash needs for general expenditures within one year were as follows at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash	\$ 207,638	\$ 180,437
Investments	2,846,047	3,016,907
Campaign pledges receivable - Net	514,858	666,917
Grants receivable	204,994	65,480
Interest receivable	20,785	10,608
Other receivables	<u>20</u>	<u>1,597</u>
Total financial assets, at year end	<u>3,794,342</u>	<u>3,941,946</u>
Less: Amounts unavailable for general expenditures within one year, due to:		
Accounts payable - Donor designations	369,980	380,155
Grants payable	509,996	569,992
Donor imposed restrictions	<u>878,194</u>	<u>1,054,680</u>
	<u>1,758,170</u>	<u>2,004,827</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,036,172</u>	<u>\$ 1,937,119</u>

The Organization holds investments to assist in the funding of future collaboratives (See Note 9).

3. 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)

NOTES TO THE FINANCIAL STATEMENTS

3. FAIR VALUE MEASUREMENTS (Continued)

The following is a description of the valuation methodologies used for assets of the Organization at fair value at June 30, 2024 and 2023:

- Mutual funds and money market funds - Valued at the daily closing price as reported by the fund.
- Corporate obligations - Valued using pricing models maximizing the use of observable inputs for similar securities.
- 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 February 2025.
- Trust receivable - Valued at fair market 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 market 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 5).

Assets measured at fair value are comprised of the following at June 30, 2024:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 1,497,531		
Money market funds	168,118		
Corporate obligations		\$ 895,025	
U.S. government bonds		187,428	
Certificates of deposit		97,945	
Trust receivable		47,781	
Beneficial interest in funds held at Foundation			\$ 23,462
	<u>\$ 1,665,649</u>	<u>\$ 1,228,179</u>	<u>\$ 23,462</u>

Assets measured at fair value are comprised of the following at June 30, 2023:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 1,281,550		
Money market funds	246,736		
Corporate obligations		\$ 292,058	
U.S. government bonds		480,404	
Certificates of deposit		716,159	
Trust receivable		46,460	
Beneficial interest in funds held at Foundation			\$ 21,959
	<u>\$ 1,528,286</u>	<u>\$ 1,535,081</u>	<u>\$ 21,959</u>

NOTES TO THE FINANCIAL STATEMENTS

3. FAIR VALUE MEASUREMENTS (Continued)

Activity for Level 3 investments is as follows:

Balance at July 1, 2022	\$ 21,134
Change in value of funds held in trust by others	<u>825</u>
Balance at June 30, 2023	21,959
Change in value of funds held in trust by others	<u>1,503</u>
Balance at June 30, 2024	<u>\$ 23,462</u>

See Notes 4, 5, and 6 for a description of the assets measured at fair value.

There were no transfers between levels in either year.

4. INVESTMENTS

The fair value and cost of investments at June 30, 2024 and 2023, are as follows:

	2024		2023	
	Fair Value	Cost	Fair Value	Cost
Mutual funds	\$ 1,497,531	\$ 1,225,550	\$ 1,281,550	\$ 1,149,554
Money market funds	168,118	168,118	246,736	246,736
Corporate obligations	895,025	892,776	292,058	296,941
U.S. government bonds	187,428	200,000	480,404	497,380
Certificates of deposit	<u>97,945</u>	<u>100,000</u>	<u>716,159</u>	<u>750,000</u>
	<u>\$ 2,846,047</u>	<u>\$ 2,586,444</u>	<u>\$ 3,016,907</u>	<u>\$ 2,940,611</u>

Components of investment income for the years ended June 30, 2024 and 2023, are as follows:

	2024	2023
Interest and dividends	\$ 118,087	\$ 97,063
Realized (losses) gains	(2,523)	139,051
Unrealized gains (losses)	183,308	(71,512)
Less: Investment fees	<u>(14,354)</u>	<u>(14,894)</u>
	<u>\$ 284,518</u>	<u>\$ 149,708</u>

NOTES TO THE FINANCIAL STATEMENTS

5. 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 \$230,013 and \$213,145 at June 30, 2024 and 2023, 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 \$9,797 and \$9,578 for the years ended June 30, 2024 and 2023, respectively.

The portion of the endowment fund discussed above in which the Organization is the beneficiary of, that the Foundation holds variance power over is \$23,462 and \$21,959 at June 30, 2024 and 2023, respectively. These funds are reported as beneficial interest in funds held at Community Foundation on the statement of financial position.

6. 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, 2024 and 2023, the Organization's portion of the fair market value of the trust is \$47,781 and \$46,460, respectively. The Organization received \$8,533 and \$6,555 in distributions from the trust for the years ended June 30, 2024 and 2023, respectively.

7. BOARD DESIGNATED NET ASSETS

The Board of Directors has approved a designation of net assets without donor restrictions of the Organization to provide for future community impact and community collaborations with various companies and organizations in Lorain County. These amounted to \$197 and \$71,962 at June 30, 2024 and 2023, respectively.

The Board of Directors has also approved a reserve fund policy that designates a portion of net assets without donor restrictions 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. These amounted to \$523,544 and \$596,862 at June 30, 2024 and 2023, respectively.

NOTES TO THE FINANCIAL STATEMENTS

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as follows at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Subject to the passage of time:		
Campaign pledges	\$ 682,440	\$ 772,090
Grants	124,511	214,171
Trust receivable	<u>47,781</u>	<u>46,460</u>
	854,732	1,032,721
Subject to Organization spending policy and appropriation:		
Investments in perpetuity and related investment activity which, once appropriated, are expendable to support program activities	<u>23,462</u>	<u>21,959</u>
Total net assets with donor restrictions	<u>\$ 878,194</u>	<u>\$ 1,054,680</u>

Included in net assets with donor restrictions at June 30, 2024 and 2023, is an endowment held at the Foundation where the principal must be held intact and is subject to the Foundation's investment policy.

9. COMMITMENTS AND CONTINGENCIES

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 2024 for use in 2024 and 2025, amounted to \$1,131,559, with a balance to be paid at June 30, 2024, of \$509,996, which is included in grants payable on the statement of financial position. Remaining funds have been reserved for future 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.

Laws and Regulations

Laws and regulations over federal funds received by the Organization as a result of the Coronavirus Aid, Relief, and Economic Security Act and the Consolidated Appropriations Act are complex and subject to interpretation. Potential noncompliance with these laws and regulations can be subject to future government review and interpretation as well as regulatory action. The Organization believes it is in compliance with all applicable laws and regulations and believes there are no material contingencies related to laws and regulations governing the Organization's use of federal funds.

NOTES TO THE FINANCIAL STATEMENTS

10. 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, 2024 and 2023, employer contributions totaled \$20,825 and \$25,870, respectively.