

UNITED WAY OF SUMMIT COUNTY
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED MARCH 31, 2019 AND 2018

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



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YEARS ENDED MARCH 31, 2019 AND 2018**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
United Way of Summit County
Akron, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Summit County which comprise the statements of financial position as of March 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Summit County as of March 31, 2019 and 2018, and the results of its operations, changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2, U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 14, 2019, on our consideration of United Way of Summit County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of United Way of Summit County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering United Way of Summit County's internal control over financial reporting and compliance.

Emphasis-of-Matter Regarding a Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Agency adopted Accounting Standards Update (ASU) 2016-04, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which changed various presentation and disclosure requirements. Our opinion is not modified with respect to this matter.



CliftonLarsonAllen LLP

Akron, Ohio
August 14, 2019

**UNITED WAY OF SUMMIT COUNTY
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2019 AND 2018**

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents:		
Cash in Checking	\$ 460,635	\$ 1,984,210
Cash Equivalent Investments	55,460	352,141
Total Cash and Cash Equivalents	516,095	2,336,351
Pledges Receivable:		
2019 Campaign, Less Allowance for Uncollectibles of \$-0- in 2019	341,179	-
2018 Campaign, Less Allowance for Uncollectibles of \$251,000 in 2019 and \$-0- in 2018, Less Discount of \$116,163 in 2019 and \$-0- in 2018	4,615,000	475,734
2017 Campaign, Less Allowance for Uncollectibles of \$102,700 in 2019 and \$223,725 in 2018	54,385	3,504,963
2016 Campaign, Less Allowance for Uncollectibles of \$71,600 in 2018	-	52,488
Total Pledges Receivable	5,010,564	4,033,185
Grants Receivable	354,303	16,363
Note Receivable, Current Portion	10,409	-
Prepaid Expenses	98,717	66,189
Other Assets	16,759	-
Total Current Assets	6,006,847	6,452,088
NONCURRENT ASSETS		
Investments	4,195,558	4,729,274
Investments Held as Endowment Funds	1,408,173	1,544,274
Split-Interest Agreement	614,849	598,321
Note Receivable, Net of Current Portion	263,653	-
Land, Building, and Equipment:		
Land and Land Improvements	625,819	249,311
Building and Building Improvements	2,435,627	1,141,119
Furniture and Fixtures	647,311	621,238
Construction-in-Process	141,945	37,580
Total	3,850,702	2,049,248
Less: Accumulated Depreciation	469,997	1,117,335
Total Land, Building, and Equipment, Net	3,380,705	931,913
Total Noncurrent Assets	9,862,938	7,803,782
 Total Assets	 \$ 15,869,785	 \$ 14,255,870

See accompanying Notes to Financial Statements.

**UNITED WAY OF SUMMIT COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Gross Pledges Processed	\$ 484,612	\$ 10,392,753	\$ 10,877,365
Less: Designations Paid Direct	(131,181)	(966,710)	(1,097,891)
Less: Nonlocal Pledges	(100,985)	(165,856)	(266,841)
Total Gross Campaign Results	<u>252,446</u>	<u>9,260,187</u>	<u>9,512,633</u>
Less: Local Donor Designations for Specific Agencies and Other United Ways	9,601	(789,831)	(780,230)
Total Contributions	<u>262,047</u>	<u>8,470,356</u>	<u>8,732,403</u>
Contributions Received in Prior Year, Released from Restriction	9,190,704	(9,190,704)	-
Allowance for Uncollectible Pledges Current Campaign Year	(240,682)	-	(240,682)
Grant Revenue	1,537,184	323,357	1,860,541
In-Kind Contribution Revenue	161,925	150,937	312,862
Fee Revenue	156,597	-	156,597
Program Revenue	155,129	-	155,129
Contribution Revenue - Info Line Incorporated	460,142	-	460,142
Net Campaign Revenue	<u>11,683,046</u>	<u>(246,054)</u>	<u>11,436,992</u>
Other Income	154,696	-	154,696
Investment Income	93,118	39,058	132,176
Total Public Support and Revenue	<u>11,930,860</u>	<u>(206,996)</u>	<u>11,723,864</u>
ALLOCATIONS, PARTICIPATION, AND OTHER EXPENSES			
Community Funding:			
Agency Allocations	3,577,214	-	3,577,214
Other Community Grants	50,214	-	50,214
Total Community Funding	<u>3,627,428</u>	<u>-</u>	<u>3,627,428</u>
Functional Expenses:			
Program Services:			
Community Investment	833,423	-	833,423
Internal Programs	4,031,223	-	4,031,223
Total Program Services	<u>4,864,646</u>	<u>-</u>	<u>4,864,646</u>

See accompanying Notes to Financial Statements.

**UNITED WAY OF SUMMIT COUNTY
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED MARCH 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
ALLOCATIONS, PARTICIPATION, AND OTHER EXPENSES (CONTINUED)			
Support Services:			
Management and General	\$ 1,498,063	\$ -	\$ 1,498,063
Marketing and Advertising	441,382	-	441,382
Resource Development	826,804	-	826,804
Total Support Services	2,766,249	-	2,766,249
 Total Functional Expenses	 7,630,895	 -	 7,630,895
 Total Allocations, Participation, and Other Expenses	 11,258,323	 -	 11,258,323
 SPLIT-INTEREST AGREEMENT CHANGE IN FAIR VALUE	 -	 16,528	 16,528
 NET UNREALIZED AND REALIZED GAINS (LOSSES) ON INVESTMENTS	 38,920	 (63,213)	 (24,293)
 LOSS ON DISPOSAL OF ASSETS	 (69,137)	 -	 (69,137)
 CHANGE IN NET ASSETS	 642,320	 (253,681)	 388,639
Net Assets - Beginning of Year	10,020,679	3,008,876	13,029,555
 NET ASSETS - END OF YEAR	 \$ 10,662,999	 \$ 2,755,195	 \$ 13,418,194

See accompanying Notes to Financial Statements.

**UNITED WAY OF SUMMIT COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Gross Pledges Processed	\$ 759,340	\$ 9,703,414	\$ 10,462,754
Less: Designations Paid Direct	(66,879)	(881,205)	(948,084)
Less: Nonlocal Pledges	(165,219)	(219,177)	(384,396)
Total Gross Campaign Results	<u>527,242</u>	<u>8,603,032</u>	<u>9,130,274</u>
Less: Local Donor Designations for Specific Agencies and Other United Ways	222,793	(1,500,808)	(1,278,015)
Total Contributions	<u>750,035</u>	<u>7,102,224</u>	<u>7,852,259</u>
Contributions Received in Prior Year, Released from Restriction	6,690,340	(6,690,340)	-
Allowance for Uncollectible Pledges Current Campaign Year	(169,626)	-	(169,626)
Grant Revenue	108,165	16,363	124,528
In-Kind Contribution Revenue	235,000	-	235,000
Fee Revenue	89,201	-	89,201
Program Revenue	8,081	-	8,081
Internal Allocation Revenue	95,000	-	95,000
Net Campaign Revenue	<u>7,806,196</u>	<u>428,247</u>	<u>8,234,443</u>
Other Income	31,312	-	31,312
Investment Income	125,858	33,884	159,742
Total Public Support and Revenue	<u>7,963,366</u>	<u>462,131</u>	<u>8,425,497</u>
ALLOCATIONS, PARTICIPATION, AND OTHER EXPENSES			
Community Funding:			
Agency Allocations	2,926,566	-	2,926,566
Other Community Grants	36,852	-	36,852
Total Community Funding	<u>2,963,418</u>	<u>-</u>	<u>2,963,418</u>
Functional Expenses:			
Program Services:			
Community Investment	720,846	-	720,846
Internal Programs	1,668,573	-	1,668,573
Total Program Services	<u>2,389,419</u>	<u>-</u>	<u>2,389,419</u>

See accompanying Notes to Financial Statements.

**UNITED WAY OF SUMMIT COUNTY
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED MARCH 31, 2018**

ALLOCATIONS, PARTICIPATION, AND OTHER EXPENSES (CONTINUED)	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support Services:			
Management and General	\$ 1,248,482	\$ -	\$ 1,248,482
Marketing and Advertising	387,842	-	387,842
Resource Development	648,220	-	648,220
Total Support Services	<u>2,284,544</u>	<u>-</u>	<u>2,284,544</u>
 Total Functional Expenses	 <u>4,673,963</u>	 <u>-</u>	 <u>4,673,963</u>
 Total Allocations, Participation, and Other Expenses	 7,637,381	 -	 7,637,381
 SPLIT-INTEREST AGREEMENT CHANGE IN FAIR VALUE	 -	 (4,719)	 (4,719)
 NET UNREALIZED AND REALIZED GAINS ON INVESTMENTS	 <u>139,576</u>	 <u>39,465</u>	 <u>179,041</u>
 CHANGE IN NET ASSETS	 465,561	 496,877	 962,438
Net Assets - Beginning of Year	<u>9,555,118</u>	<u>2,511,999</u>	<u>12,067,117</u>
 NET ASSETS - END OF YEAR	 <u><u>\$ 10,020,679</u></u>	 <u><u>\$ 3,008,876</u></u>	 <u><u>\$ 13,029,555</u></u>

See accompanying Notes to Financial Statements.

**UNITED WAY OF SUMMIT COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2019**

	Program Services		Support Services			Total
	Community Investment	Internal Programs	Management and General	Marketing and Advertising	Resource Development	
Salaries	\$ 411,444	\$ 1,357,005	\$ 815,740	\$ 235,652	\$ 441,555	\$ 3,261,396
Employee Health and Retirement Benefits	114,141	376,456	226,300	65,374	122,495	904,766
Payroll Taxes	29,933	98,722	59,345	17,144	32,123	237,267
Total Salaries and Related Expenses	555,518	1,832,183	1,101,385	318,170	596,173	4,403,429
Professional Fees and Contract Services	36,021	118,803	71,416	20,631	38,657	285,528
Financial Service Fees	6,235	20,563	12,361	3,571	6,691	49,421
Supplies	6,017	19,846	11,930	3,446	6,458	47,697
IT - Hardware and Software	28,204	79,531	8,855	8,583	9,538	134,711
Occupancy and Insurance	53,794	177,422	106,654	30,810	57,731	426,411
Postage and Shipping	14,636	48,272	29,018	8,383	15,707	116,016
Marketing and Advertising	18,414	60,734	36,509	10,547	19,762	145,966
Training	5,848	19,289	11,595	3,350	6,277	46,359
Travel, Meetings, Meals, and Memberships	24,820	49,135	19,749	8,301	21,856	123,861
Internal Program Costs	39,233	1,123,906	-	-	-	1,163,139
Engagement and Events	-	334,166	-	-	-	334,166
Payments to Affiliated Organizations	16,609	54,778	32,929	9,512	17,824	131,652
Miscellaneous	9,627	31,752	19,088	5,512	10,333	76,312
Total Expenses Before Depreciation	814,976	3,970,380	1,461,489	430,816	807,007	7,484,668
Depreciation	18,447	60,843	36,574	10,566	19,797	146,227
Total Expenses	<u>\$ 833,423</u>	<u>\$ 4,031,223</u>	<u>\$ 1,498,063</u>	<u>\$ 441,382</u>	<u>\$ 826,804</u>	<u>\$ 7,630,895</u>

See accompanying Notes to Financial Statements.

**UNITED WAY OF SUMMIT COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2018**

	Program Services		Support Services			Total
	Community Investment	Internal Programs	Management and General	Marketing and Advertising	Resource Development	
Salaries	\$ 386,372	\$ 556,131	\$ 669,184	\$ 207,883	\$ 347,445	\$ 2,167,015
Employee Health and Retirement Benefits	111,706	160,786	193,472	60,102	100,452	626,518
Payroll Taxes	28,650	41,238	49,621	15,415	25,764	160,688
Total Salaries and Related Expenses	526,728	758,155	912,277	283,400	473,661	2,954,221
Professional Fees and Contract Services	17,166	24,708	29,730	9,236	15,436	96,276
Financial Service Fees	8,532	12,281	14,778	4,591	7,673	47,855
Supplies	14,811	21,318	25,652	7,969	13,319	83,069
Occupancy and Insurance	30,133	43,372	52,189	16,213	27,097	169,004
Postage and Shipping	19,352	27,854	33,517	10,412	17,402	108,537
Marketing and Advertising	33,097	47,638	57,323	17,807	29,762	185,627
Training	12,101	17,177	20,958	6,511	10,881	67,628
Travel, Meetings, Meals, and Memberships	13,950	63,837	24,161	7,506	12,545	121,999
Internal Program Costs	-	447,335	-	-	-	447,335
Engagement and Events	-	140,161	-	-	-	140,161
Payments to Affiliated Organizations	24,044	34,608	41,643	12,936	21,621	134,852
Miscellaneous	1,592	2,292	2,758	855	1,431	8,928
Total Expenses Before Depreciation	701,506	1,640,736	1,214,986	377,436	630,828	4,565,492
Depreciation	19,340	27,837	33,496	10,406	17,392	108,471
Total Expenses	<u>\$ 720,846</u>	<u>\$ 1,668,573</u>	<u>\$ 1,248,482</u>	<u>\$ 387,842</u>	<u>\$ 648,220</u>	<u>\$ 4,673,963</u>

See accompanying Notes to Financial Statements.

**UNITED WAY OF SUMMIT COUNTY
STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2019 AND 2018**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 388,639	\$ 962,438
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	146,227	108,471
Amortization of Discount on Face Value of Note Payable	28,750	-
Contributed Interest	(179,687)	-
Net Unrealized and Realized Gains on Investments	24,293	(179,041)
Reinvested Income	(132,176)	(159,742)
Split-Interest Agreement Change in Fair Value	(16,528)	4,719
Loss on Disposal of Land, Building, and Equipment, Net	69,137	-
In-Kind Property Acquisition	-	(210,000)
Changes in Operating Assets and Liabilities:		
Pledges Receivable, Net	(977,379)	1,144,745
Grants Receivable	(337,940)	227,124
Prepays and Other Assets	(49,287)	(23,387)
Accounts Payable	148,779	(81,497)
Accrued Expenses	90,984	(7,831)
Fiscal Sponsor Funds Held	703	(233,147)
Donor Designations Payable	(304,025)	(1,934,386)
Postretirement Benefits	(2,011)	(1,999)
Net Cash Used by Operating Activities	(1,101,521)	(383,533)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Investments	(1,800,756)	(1,271,395)
Proceeds from Sale of Investments	2,578,456	1,292,286
Proceeds from Sale of Land, Building, and Equipment, Net	70,000	-
Proceeds from Note Receivable	5,938	-
Purchase of Land, Building, and Equipment, Net	(1,764,156)	(227,571)
Net Cash Used by Investing Activities	(910,518)	(206,680)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Borrowings of Capital Lease Obligation	224,991	-
Payments of Capital Lease Obligation	(33,208)	-
Net Cash Provided by Financing Activities	191,783	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,820,256)	(590,213)
Cash and Cash Equivalents - Beginning of Year	2,336,351	2,926,564
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 516,095	\$ 2,336,351

See accompanying Notes to Financial Statements.

**UNITED WAY OF SUMMIT COUNTY
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED MARCH 31, 2019 AND 2018**

	2019	2018
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	\$ 9,956	\$ -
 SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Note Receivable	\$ 280,000	\$ -
Sale of Land, Building, and Equipment, Net	(280,000)	-
Total	\$ -	\$ -
Acquisition of Land, Building, and Equipment, Net	\$ 1,250,000	\$ -
Note Payable	(1,250,000)	-
Total	\$ -	\$ -

See accompanying Notes to Financial Statements.

**UNITED WAY OF SUMMIT COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

United Way of Summit County (the Agency) is a nonprofit corporation that envisions a community where all individuals and families achieve their human potential through education, financial stability, and healthy lives. Through its Bold Goals for 2025, the Agency has committed to systematically approach lasting change around four strategic community goals addressing: 1) 3rd grade reading levels; 2) high school graduation rates and college/career readiness; 3) financial empowerment; and 4) reduction of drug overdoses in our community. The Agency will achieve success toward these Bold Goals by focusing all aim and resources specifically to these goal areas in collaboration with corporate partners, government, and program partners. The Agency is governed by a board of volunteers and in 2018 celebrated its 100th anniversary.

The financial statements reflect the application of certain accounting policies described in this note.

Basis of Presentation

The financial statements of the Agency have been prepared on the accrual basis.

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Agency and changes therein are classified as follows:

Net Assets Without Donor Restrictions – Net assets which are not subject to donor-imposed restrictions. Use of net assets without donor restrictions may be board-designated or for a specific purpose.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue is reported as increases in net assets without donor restriction unless the use of the revenue is restricted by the donor. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is defined by donor-imposed restrictions.

Contributions with donor restrictions which are received in a previous period and met in the current period are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

**UNITED WAY OF SUMMIT COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Net assets with donor restrictions at March 31, 2019 and 2018 consist of the following:

Split-Interest Agreement – The income derived from these donated assets is not donor-restricted.

Knight Breakfast – The income derived from these donated assets is to be used to sponsor the annual Knight Breakfast.

Volunteer Center Endowment (held at Akron Community Foundation) – Endowment contributions and any income from the endowment are not considered donor-restricted.

United Way Endowment (held at Akron Community Foundation) – The spendable income derived from these donated assets is to be used for operating expenses.

Cash and Cash Equivalents

The Agency considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Concentration of Credit Risk

The Agency maintains cash balances at commercial banks located in Akron, Ohio. At various times throughout the year, the Agency's bank account balances may have exceeded the federally insured limits. The Agency has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash.

Concentrations of credit risk with respect to pledges receivable are limited due to the large number of contributors comprising the Agency's contributor base and their dispersion across different industries.

Investments

The Agency reports all investments in equity and debt securities in the statements of financial position at fair value determined by reference to quoted market prices and other relevant information generated by market transactions. In addition, gains and losses (realized and unrealized) are recognized as changes in net assets in the periods in which they occur and investment income is recognized as revenue in the period earned.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities as net assets without donor restrictions or net assets with donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

**UNITED WAY OF SUMMIT COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

The Agency records investment purchases at cost, or if donated, at fair value on the date of the donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return (loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees. Per Agency policy, donated stock is to be sold immediately upon receipt of donation.

Land, Building, and Equipment

Land, building, and equipment are stated at cost or, if donated, the fair market value when received. Major additions and improvements are charged to the asset accounts while replacements, maintenance, and repairs, which do not extend the life of the assets, are expensed currently. Depreciation is computed by the straight-line method over the estimated useful lives of the assets as follows:

Land Improvements	3 to 15 Years
Building and Building Improvements	15 to 40 Years
Furniture and Fixtures	3 to 10 Years

The Agency evaluates the recoverability of long-lived assets and the related estimated remaining lives when indicators of impairment are present. The Agency would record an impairment charge or change the useful life if events or changes in circumstances indicated such a change is necessary. The Agency has not recorded any impairment charges and has not changed the useful life of any asset in the accompanying financial statements.

Fiscal Sponsor Funds Held

The Agency is custodian of funds used for various expenditures of certain other organizations. Because these funds belong to the other organizations, these funds are not considered to be part of the Agency so a liability has been recorded to offset the asset in the accompanying financial statements. At March 31, 2019 and 2018, the amount of these funds in the accompanying financial statements totaled \$10,861 and \$10,158, respectively.

Contributions

Annual campaigns are conducted to raise support for allocations to partner agencies in the subsequent calendar year. Unconditional donor pledges to give cash, marketable securities, and other assets are reported at fair value at the date the pledge is made. Net annual campaign pledges are reported as contributions with donor restrictions in the year pledged. Upon expiration of donor-imposed restrictions, the net assets with donor-imposed restrictions are reclassified to contributions received in prior year and released from restriction in the current year. It is the Agency's policy to record campaign pledges received and expended in the same accounting period in the net assets without donor restrictions.

**UNITED WAY OF SUMMIT COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services

Many individuals volunteer their time and perform a variety of tasks that assist the Agency with their annual fundraising campaign and various committee assignments; however, these donated services are not generally reflected in the financial statements since they do not meet the criteria for recognition as contributed services.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on time and effort.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts. Although actual results could differ from those estimates, significant adjustments to these estimates historically have not been required.

Grant Revenue

Revenue from grants awarded on a reimbursement basis is recognized when received. Revenue from grants without a reimbursement requirement is recognized at the time the grant is awarded.

Pledges Receivable

Pledges receivable less allowances for uncollectible amounts are recorded as receivables with donor restrictions in the calendar year pledged as they are restricted for use for the subsequent calendar year allocations. Subsequently, the pledges receivable become receivables without donor restrictions since the time restriction is met. On a periodic basis, the Agency evaluates its pledges receivable and establishes an allowance for doubtful accounts, when deemed necessary, based on historical collectibility experience as well as current trends in the Summit County business community. The Agency expects these pledges to be received within one year, with the exception of a few multi-year pledges which are reflected at the present value of the estimated future cash flows (see Note 7). Pledges will be written off as uncollectible if the Agency determines the amount cannot be collected.

Tax Status

The Agency is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. The Agency is not considered a private foundation. However, the Agency is subject to federal tax on any unrelated business taxable income.

**UNITED WAY OF SUMMIT COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Principle

The Agency adopted the provisions of ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* during the year ended December 31, 2018. The implementation of this standard, resulted in certain changes in the Agency's financial statement presentation including additional disclosures surrounding net assets, liquidity, availability, and functional expenses.

Pending Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. This new guidance is effective for annual reporting periods for nonpublic companies beginning after December 15, 2018. The Agency is currently evaluating the impact that this standard will have on the Agency's financial statements.

In February 2016, the FASB issued ASU 2016-02: *Leases (Topic 842)*. Under this new guidance, an entity will be required to recognize a right-of-use asset and a lease liability for both finance and operating leases, initially measured at the present value of the lease payments in the statement of financial position. The amendments in this ASU are effective for nonpublic entities for fiscal years beginning after December 15, 2019. The Agency is currently evaluating the impact that this standard will have on the Agency's financial statements.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. ASU 2018-08 distinguishes between contributions and exchange transactions and assists in determining if Subtopic 958-605, *Not-for-Profit Entities-Revenue Recognition* should be followed or if Topic 606, *Revenue from Contracts with Customers* should be followed. This guidance also assists in determining whether a contribution is conditional or unconditional, and if unconditional, whether the transaction is donor-restricted for a limited purpose or timing. This new guidance is effective for annual reporting periods for nonpublic companies beginning after December 15, 2018. The Agency is currently evaluating the impact that this standard will have on the Agency's financial statements.

Reclassifications

Certain information previously reported in the March 31, 2018 financial statements has been reclassified with no effect on the March 31, 2018 change in net assets to conform with the current year's presentation.

Subsequent Events

Subsequent events have been evaluated through August 14, 2019, which is the date the financial statements were available to be issued.

**UNITED WAY OF SUMMIT COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

NOTE 2 BUSINESS ACQUISITION

On July 1, 2018, the Agency acquired Info Line Incorporated whose mission is to provide access to the human service delivery system for people in need.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition.

Consideration	<u><u>\$ -</u></u>
Recognized Amounts of Identifiable Assets Acquired and Liabilities Assumed	
Cash	\$ 106,248
Accounts Receivable	480,802
Other Assets	15,960
Property and Equipment	12,331
Accounts Payable	(16,006)
Accrued Expenses	(73,843)
Deferred Revenue	<u>(65,350)</u>
Total Identifiable Net Assets	460,142
Inherent Contribution Received	<u>(460,142)</u>
Total	<u><u>\$ -</u></u>

On the statement of activities, the inherent contribution received is recorded as the excess of fair value of net assets acquired over consideration paid in acquisition of Info Line Incorporated and increases net assets without donor restrictions.

NOTE 3 NOTE RECEIVABLE

On July 27, 2018, the Agency sold the property located at 90 N. Prospect Street for \$350,000. The Agency received \$70,000 upon sale of the property, with the Agency entering into a note receivable agreement for the remaining \$280,000. Payments are to be received through September 1, 2028. The Agency has determined that there is adequate security on this note receivable and, accordingly, has not recorded any allowance for doubtful accounts as of March 31, 2019.

**UNITED WAY OF SUMMIT COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

NOTE 4 INVESTMENTS

The components of investments and investments held as endowment funds in the accompanying statements of financial position at fair value are as follows:

	2019	2018
Certificate of Deposit	\$ 47,252	\$ 42,001
Money Market Funds	378,385	1,467,380
U.S. Treasury Obligations	1,153,113	797,280
U.S. Government Securities	145,281	136,445
Corporate and Foreign Bonds	1,066,341	365,840
Equity Mutual Funds	1,789,030	1,610,770
Fixed Income Funds	775,229	1,610,055
Alternative Investments	249,100	243,777
Total	\$ 5,603,731	\$ 6,273,548

The Agency's endowment consists of numerous funds established for a variety of purposes. Its endowment includes donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

Interpretation of Relevant Law

In accordance with generally accepted accounting principles, the Agency interpreted the *Uniform Prudent Management of Institutional Funds Act (UPMIFA)* as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Agency classifies as net assets with donor restrictions: (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Agency in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Agency considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purpose of the Agency and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Agency.
7. The investment policies of the Agency.

**UNITED WAY OF SUMMIT COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

NOTE 4 INVESTMENTS (CONTINUED)

Investments Held as Endowment Funds

The majority of the Agency's investments held as endowment funds are held by Akron Community Foundation (ACF). The Agency has in place agreements with ACF whereby ACF invests monies for the benefit of the Agency. Assets of the Agency were transferred to ACF to establish the United Way of Summit County Endowment Fund for supporting the general purposes of the Agency and the United Way of Summit County Facility Fund for maintaining the Agency's facility, including building and equipment. The Agency also has restricted endowment monies held at ACF at March 31, 2019 and 2018 that are held in perpetuity. These monies are invested in several funds, which are comprised of approximately 2% of money market funds, 56% equity securities, 5% corporate and foreign bonds, 7% U.S. treasury obligations, 19% alternative investments, and 11% U.S. government securities at March 31, 2019. The Agency has not granted the ACF variance power. Investments held by ACF are reported at fair value. Investment income is distributed to the Agency under the terms of the agreement and is recorded as investment income.

The following is a summary of investments held as endowment funds at March 31:

	<u>2019</u>	<u>2018</u>
Donor-Restricted Endowment Funds (Subject to Expenditure for Specific Purposes)	\$ 987,992	\$ 1,124,093
Donor-Restricted Endowment Funds (Subject to be Held in Perpetuity)	420,181	420,181
Total	<u>\$ 1,408,173</u>	<u>\$ 1,544,274</u>

The following is a reconciliation of investments held as endowment funds for the years ended March 31:

	<u>2019</u>		<u>2018</u>	
	Subject to be Held in Perpetuity	Subject to Expenditure for Specific Purposes	Subject to be Held in Perpetuity	Subject to Expenditure for Specific Purposes
Endowment Funds Balance - Beginning of Year	\$ 420,181	\$ 1,124,093	\$ 420,181	\$ 1,047,564
Net Investment Income	-	26,629	-	20,346
Net Unrealized/Realized Gains	-	(18,032)	-	100,945
Appropriated for Expenditures	-	(144,698)	-	(44,762)
Endowment Funds Balance - End of Year	<u>\$ 420,181</u>	<u>\$ 987,992</u>	<u>\$ 420,181</u>	<u>\$ 1,124,093</u>

Funds with Deficiencies

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Agency to retain as a fund of perpetual duration. There were no deficiencies of this nature required to be reported in net assets without donor restrictions as of March 31, 2019 and 2018.

**UNITED WAY OF SUMMIT COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

NOTE 4 INVESTMENTS (CONTINUED)

Board Restricted Reserve Fund

The Board Restricted Reserve Fund is governed by United Way's Investment Policy. This fund is to be treated as an emergency cash fund that is invested in an effort to ensure that the principal amount stays intact. The board intends for this fund to hold a balance of approximately six months' worth of operating expense and allocations for use if a significant event requires that these funds be drawn on to meet regular operating activities and/or allocation payments. Management, in conformity with United Way policies, will re-evaluate what constitutes the required balance at the conclusion of each audit and will communicate that required balance to the portfolio managers annually upon determination. The portfolio managers will alert the Agency if the balance in this fund drops below the required amount more than 5%. Portfolio managers are required to follow these policies and are required to update the Finance Committee on the compliance of these policies.

Board Discretionary Reserve Fund

The Board Discretionary Reserve Fund is governed by United Way's Investment Policy. The fund is to be treated as a long-term investment portfolio that is fully diversified across all asset classes. The board intends for this fund to hold any surplus reserve investments. The surplus reserve investments are to be expended toward significant community impact projects as recommended by the Community Investment department and approved by the board. Portfolio managers are required to follow these policies and are required to update the Finance Committee on the compliance of these policies.

NOTE 5 SPLIT-INTEREST AGREEMENTS

The Agency has a perpetual interest in a beneficial trust. The trust is with a local bank and names the Agency as a perpetual beneficiary. Under the terms of the original split-interest agreement, the Agency is to receive approximately 35% of the trust income. The Agency receives the greater of their proportionate share of 5% of the prior year's average monthly market value or traditional income only, which is interest, dividend, and other income net of expenses. The Agency received \$38,011 and \$22,004 from the trust in 2019 and 2018, respectively.

NOTE 6 FAIR VALUE OF FINANCIAL INSTRUMENTS

The FASB's guidance on fair value measurements establishes a framework for measuring fair value and expands disclosure about fair value measurements. This guidance enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. Under this guidance, assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Quoted market prices in active markets for identical assets or liabilities.

**UNITED WAY OF SUMMIT COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

NOTE 6 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Level 2 – Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 – Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the Agency performs a detailed analysis of the assets and liabilities that are subject to fair value measurements and disclosures.

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy:

	Fair Value Measurements at Reporting Date Using			March 31, 2019
	Level 1	Level 2	Level 3	
Certificate of Deposit	\$ -	\$ 47,252	\$ -	\$ 47,252
Money Market Funds	-	378,385	-	378,385
U.S. Treasury Obligations	1,153,113	-	-	1,153,113
U.S. Government Securities	-	145,281	-	145,281
Corporate and Foreign Bonds	-	1,066,341	-	1,066,341
Equity Mutual Funds	1,789,030	-	-	1,789,030
Fixed Income Funds	775,229	-	-	775,229
Alternative Mutual Funds	105,775	-	-	105,775
Total Investments at Fair Value	<u>\$ 3,823,147</u>	<u>\$ 1,637,259</u>	<u>\$ -</u>	<u>5,460,406</u>
Investments Measured at Net Asset Value				<u>143,325</u>
Total Investments				<u>\$ 5,603,731</u>

	Fair Value Measurements at Reporting Date Using			March 31, 2018
	Level 1	Level 2	Level 3	
Certificate of Deposit	\$ -	\$ 42,001	\$ -	\$ 42,001
Money Market Funds	-	1,467,380	-	1,467,380
U.S. Treasury Obligations	797,280	-	-	797,280
U.S. Government Securities	-	136,445	-	136,445
Corporate and Foreign Bonds	-	365,840	-	365,840
Equity Mutual Funds	1,610,770	-	-	1,610,770
Fixed Income Funds	1,610,055	-	-	1,610,055
Alternative Mutual Funds	132,983	-	-	132,983
Total Investments at Fair Value	<u>\$ 4,151,088</u>	<u>\$ 2,011,666</u>	<u>\$ -</u>	<u>6,162,754</u>
Investments Measured at Net Asset Value				<u>110,794</u>
Total Investments				<u>\$ 6,273,548</u>

**UNITED WAY OF SUMMIT COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

NOTE 6 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The Agency holds investments in debt and equity securities which are classified as available-for-sale securities. Most of these securities are publically-traded on the national stock exchanges and are considered Level 1 investments. Equity funds, treasury obligations, and other investments are measured at fair value using quoted market prices. The certificate of deposit is recorded at cost, which approximates fair value. Money market funds and bonds are not traded on a market exchange; therefore, the fair value is determined using the valuation models based on daily market prices. Alternative investments consist of investments in private equity funds, real estate funds, and hedge funds measured using net asset value per share as the practical expedient.

The following table summarizes investments for which fair value is measured using the net asset per share practical expedient as of March 31, 2019 and March 31, 2018.

Investment Type	Fair Value 2019	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private Equity Funds	\$ 23,250	\$ -	None	None
Real Estate Funds	29,423	-	None	None
Hedge Funds	90,652	-	None	None
Total	<u>\$ 143,325</u>	<u>\$ -</u>		

Investment Type	Fair Value 2018	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private Equity Funds	\$ 16,148	\$ -	None	None
Real Estate Funds	22,801	-	None	None
Hedge Funds	71,845	-	None	None
Total	<u>\$ 110,794</u>	<u>\$ -</u>		

NOTE 7 PLEDGES RECEIVABLE

Pledges receivable at March 31, expected to be received in installments through 2023, are as follows:

	2019	2018
Less than One Year	\$ 4,636,260	\$ 4,328,510
One to Five Years	844,167	-
Less: Allowance for Uncollectible Accounts	<u>(353,700)</u>	<u>(295,325)</u>
Total Pledges Receivable Less Allowance for Uncollectible Accounts	5,126,727	4,033,185
Less: Discount to Present Value	<u>(116,163)</u>	-
Total Pledges Receivable	<u>\$ 5,010,564</u>	<u>\$ 4,033,185</u>

**UNITED WAY OF SUMMIT COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

NOTE 8 NET ASSETS

Net assets without donor restrictions are available for the following purposes as of March 31:

	<u>2019</u>	<u>2018</u>
Other Unrestricted Net Assets	\$ 3,011,276	\$ 3,987,351
Board Restricted Funds	3,727,959	3,746,029
Board Discretionary Funds	543,059	1,355,386
Land, Building, and Equipment	<u>3,380,705</u>	<u>931,913</u>
Total Net Assets Without Donor Restrictions	<u>\$ 10,662,999</u>	<u>\$ 10,020,679</u>

Net assets with donor restrictions are restricted for the following purposes at March 31:

	<u>2019</u>	<u>2018</u>
Subject to Expenditure for Specific Purposes:		
For Future Distribution	\$ 458,701	\$ 746,332
Other Restricted Assets	47,252	58,364
Investments Held by Akron Community Foundation	940,740	1,063,143
Discount on Face Value of Note Payable	<u>150,937</u>	<u>-</u>
Subtotal	1,597,630	1,867,839
Subject to be Held in Perpetuity:		
Split-Interest Agreement	614,849	598,321
For Knight Breakfast	20,000	20,000
Investments Held by Akron Community Foundation	400,181	400,181
Other Restricted Assets	<u>122,535</u>	<u>122,535</u>
Subtotal	<u>1,157,565</u>	<u>1,141,037</u>
Total Net Assets With Donor Restrictions	<u>\$ 2,755,195</u>	<u>\$ 3,008,876</u>

NOTE 9 EMPLOYEE BENEFIT PLANS

The Agency sponsors a health care plan that provides health care and life insurance benefits to certain active and retired employees who met certain age and length-of-service requirements (the Plan). The Plan does not allow any new participants. The Plan contains cost-sharing features such as deductions and coinsurance. The Agency's policy is to fund the cost of medical benefits on a "pay as you go" basis in amounts determined at the discretion of management. The Agency has no Plan assets designated for funding of its accrued postretirement benefits.

The Plan benefit obligation reported in the statements of financial position was \$92,414 and \$94,425 at March 31, 2019 and 2018, respectively.

In addition to the above benefit Plan, the Agency sponsors a 403(b) defined contribution plan for substantially all of its employees. Employees can contribute up to the Internal Revenue Service maximum. The Agency provides a matching contribution of 50% of the first 12% of salary contributions. Discretionary contributions are approved by the executive committee each year. The discretionary contributions were \$144,000 for the years ended March 31, 2019 and 2018. Total matching contributions were \$85,671 and \$50,197 for the years ended March 31, 2019 and 2018, respectively.

**UNITED WAY OF SUMMIT COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

NOTE 10 SHORT-TERM BORROWINGS

The Agency entered into a line of credit agreement with a bank on March 20, 2018. The Agency may borrow up to \$600,000. The line of credit includes interest at LIBOR plus 1.60% and is collateralized by the Board Discretionary Reserve Fund. There were no borrowings under the line of credit at March 31, 2019 and 2018, respectively.

NOTE 11 LONG-TERM DEBT AND CAPITAL LEASE

The Agency entered into long-term debt and capital lease agreements in fiscal year 2019. The long-term debt and capital lease consist of the following at March 31:

<u>Description</u>	<u>Amount</u>
Interest free note dated April 6, 2018; discounted at the Applicable Federal Rate at the time of the loan; due January 2029; payable in annual installments of \$125,000; collateralized by certain real estate	\$ 1,250,000
Capital Lease Obligation	191,783
Total Debt and Capital Lease	<u>1,441,783</u>
Less: Discount on Face Value of Note Payable	<u>150,937</u>
Total Debt and Capital Lease, Net of Discount on Face Value of Note Payable	1,290,846
Less: Current Maturities	<u>166,979</u>
Total Long-Term Debt and Capital Lease, Net of Discount on Face Value of Note Payable	<u><u>\$ 1,123,867</u></u>

Future maturities of long-term debt and capital lease at March 31, 2019 consist of the following:

<u>Year Ending March 31,</u>	<u>Long-Term Debt</u>	<u>Capital Lease Obligation</u>
2020	\$ 125,000	\$ 51,808
2021	125,000	51,808
2022	125,000	51,808
2023	125,000	51,808
2024	125,000	8,635
Thereafter	625,000	-
Total	<u><u>\$ 1,250,000</u></u>	<u>215,867</u>
Less: Amount Representing Interest on Obligation Under Capital Lease, Total		(24,084)
Present Value of Minimum Lease Payments		<u><u>\$ 191,783</u></u>

**UNITED WAY OF SUMMIT COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018**

NOTE 12 GOVERNMENT FUNDING

Due to the acquisition of Info Line Incorporated, the Agency received approximately 16% of its funding for 2019 through government grants. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Agency's activities.

NOTE 13 LIQUIDITY

At March 31, 2019, the Agency has \$10,662,999 (see Note 8) of net assets without donor restrictions. Excluding Land, Building, and Equipment of \$3,380,705, the Agency still has financial reserves of \$7,282,294. The majority of these reserves were made up of cash, receivables, investments, and other current assets. As part of the Agency's liquidity management plan, it also has available a \$600,000 line of credit (see Note 10). For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Agency considers all expenditures related to its ongoing activities of helping people achieve their human potential through education, financial stability, and healthy lives. In addition to the significant financial reserves and resources discussed above, the Agency anticipates collecting sufficient revenue to cover general expenditures over the next 12 months.

**UNITED WAY OF SUMMIT COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED MARCH 31, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through/ Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services				
Pass through County of Summit, Ohio				
Title XX Transfer and TXX	93.667	N/A		\$ 87,447
Temporary Assistance for Needy Families - TANF	93.558	N/A		156,630
				<u>244,077</u>
Pass through City of Akron, Ohio				
Temporary Assistance for Needy Families - TANF	93.558	CE18027		67,458
				<u>67,458</u>
Pass through County of Summit Alcohol, Drug Addiction and Mental Health Services Board (ADM Board)				
CURES Act- State Targeted Response to the Opioid Crisis	93.788	N/A		35,000
				<u>35,000</u>
Pass through Area Agency on Aging, 10B, Inc.				
Medical Assistance Program	93.044	N/A		7,945
				<u>7,945</u>
Total U.S. Department of Health and Human Services				<u>354,480</u>
U.S. Department of Housing and Urban Development				
Pass through Various Local Agencies				
Community Development Block Grant - 2-1-1	14.218	N/A		29,925
Community Development Block Grant - HMIS	14.218	N/A		30,000
				<u>59,925</u>
Pass through City of Akron, Ohio				
Emergency Solutions Grant Program - ESGP	14.231	CE17446/ CE18390		197,874
HOME Investment Partnership Program	14.239	CE18323		129,979
Homeless Prevention and Rapid ReHousing Program	14.257	CE18172		150,555
				<u>478,408</u>
Direct Program				
Homeless Management Information System	14.235	OH0143L5E061607/ OH0173L5E061708		146,358
Continuum of Care Program	14.267	OH0512L5E061601/ OH0512L5E061702/ OH0488L5E061702/ OH0488L5E061804/ OH0341L5E061708		213,254
				<u>359,612</u>
Total U.S. Department of Housing and Urban Development				<u>897,945</u>

**UNITED WAY OF SUMMIT COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED MARCH 31, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through/ Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Veteran Affairs				
Pass through Community Support Services, Inc.				
Supportive Services for Veteran Families	64.033	N/A		\$ 43,266
Total U.S. Department of Veteran Affairs				<u>43,266</u>
Corporation for National and Community Services				
Direct Program				
Volunteers in Service to America (VISTA)	94.013	N/A		18,786
Total Corporation for National and Community Services				<u>18,786</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 1,314,477</u>
Cluster Titles (Reported Above)				
TANF	93.558			\$ 224,088
AGING	93.044			7,945
CDBG	14.218			59,925
Total Cluster (Also Reported Above)				<u>\$ 291,958</u>

N/A = Not Available

CFDA = Catalog of Federal Domestic Assistance

**UNITED WAY OF SUMMIT COUNTY
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
MARCH 31, 2019**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of United Way of Summit County and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The Agency has elected to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
United Way of Summit County
Akron, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way of Summit County, which comprise the statement of financial position as of March 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 14, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way of Summit County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Way of Summit County's internal control. Accordingly, we do not express an opinion on the effectiveness of United Way of Summit County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way of Summit County’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Akron, Ohio
August 14, 2019



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
United Way of Summit County
Akron, Ohio

Report on Compliance for Each Major Federal Program

We have audited United Way of Summit County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of United Way of Summit County's major federal programs for the year ended March 31, 2019. United Way of Summit County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of United Way of Summit County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about United Way of Summit County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of United Way of Summit County compliance.

Opinion on Each Major Federal Program

In our opinion, United Way of Summit County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2019.

Report on Internal Control Over Compliance

Management of United Way of Summit County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered United Way of Summit County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of United Way of Summit County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Akron, Ohio
August 14, 2019

**UNITED WAY OF SUMMIT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED MARCH 31, 2019**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with section 2CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
93.558	Temporary Assistance for Needy Families Program
14.231	Emergency Solutions Grant Program - ESGP
14.267	Continuum of Care Program

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? _____ yes x no

**UNITED WAY OF SUMMIT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED MARCH 31, 2019**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with the Uniform Guidance.

**UNITED WAY OF SUMMIT COUNTY
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED MARCH 31, 2019**

This schedule does not apply as the Agency did not require an audit under Uniform Guidance for the year ended March 31, 2018.