

United Way  
of  
Greater Toledo



Years Ended  
June 30,  
2023 and 2022

Financial  
Statements

**Rehmann**

# UNITED WAY OF GREATER TOLEDO

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December 14, 2023

Board of Directors  
United Way of Greater Toledo  
Toledo, Ohio

### ***Opinion***

We have audited the accompanying financial statements of **United Way of Greater Toledo** (the "Organization"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements (the "financial statements").

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **United Way of Greater Toledo** as of June 30, 2023 and 2022, and the 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.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Independent Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Change in Accounting Principle***

As described in Note 1 to the financial statements, effective July 1, 2022, the Organization adopted Accounting Standards Codification Topic 842, *Leases*. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

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

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

A handwritten signature in black ink that reads "Lehmann Johnson LLC". The signature is written in a cursive, flowing style.

# UNITED WAY OF GREATER TOLEDO

## Statements of Financial Position

	June 30	
	2023	2022
<b>ASSETS</b>		
Cash and cash equivalents	\$ 410,666	\$ 205,818
Pledges receivable, less allowance for uncollectible pledges of \$286,443 in 2023 (\$310,274 in 2022)	1,950,427	2,110,874
Bequest receivable	-	660,000
Grant and other receivables	281,375	778,148
Employee retention tax credit receivable (Note 1)	180,090	-
Employee retention tax credit interest receivable (Note 1)	8,080	-
Prepaid expenses and other assets	74,051	88,560
Investments	21,953,820	20,761,312
Beneficial interest in perpetual trust	1,994,931	1,932,676
Net property and equipment	23,767	36,478
Right-of-use assets	548,403	-
<b>Total assets</b>	<b>\$ 27,425,610</b>	<b>\$ 26,573,866</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Lines of credit	\$ -	\$ 250,000
Accounts payable and other	302,757	356,751
Community investments payable	2,568,054	2,828,013
Designations payable	711,944	793,689
Operating lease obligations	548,403	-
<b>Total liabilities</b>	<b>4,131,158</b>	<b>4,228,453</b>
Commitments (Note 8)		
<b>Net assets</b>		
Without donor restrictions	18,041,416	17,224,364
With donor restrictions	5,253,036	5,121,049
<b>Total net assets</b>	<b>23,294,452</b>	<b>22,345,413</b>
<b>Total liabilities and net assets</b>	<b>\$ 27,425,610</b>	<b>\$ 26,573,866</b>

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

# UNITED WAY OF GREATER TOLEDO

## Statement of Activities

Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public support and revenue and gains</b>			
Gross campaign revenue	\$ 5,454,159	\$ 374,195	\$ 5,828,354
Grants	822,645	-	822,645
<b>Gross revenue under management</b>	<b>6,276,804</b>	<b>374,195</b>	<b>6,650,999</b>
Pledges received for future campaigns	-	169,867	169,867
Less donor designations	(1,221,593)	-	(1,221,593)
Less provision for uncollectible pledges	(168,134)	-	(168,134)
<b>Net revenue under management</b>	<b>4,887,077</b>	<b>544,062</b>	<b>5,431,139</b>
Net investment return	1,815,690	153,714	1,969,404
Change in value of beneficial interest in perpetual trust	-	62,255	62,255
Employee retention tax credit (Note 1)	188,170	-	188,170
Net assets released from restrictions	628,044	(628,044)	-
<b>Total public support and revenue and gains</b>	<b>7,518,981</b>	<b>131,987</b>	<b>7,650,968</b>
<b>Community investments and expenses</b>			
Program services			
Gross investments in community	3,960,193	-	3,960,193
Less donor designations	(1,221,593)	-	(1,221,593)
Net investments in community programs	2,738,600	-	2,738,600
Community support services	2,431,304	-	2,431,304
Total program services	5,169,904	-	5,169,904
Supporting services			
Resource development	926,734	-	926,734
Administration	603,041	-	603,041
Total supporting services	1,529,775	-	1,529,775
<b>Total expenses</b>	<b>6,699,679</b>	<b>-</b>	<b>6,699,679</b>
<b>Loss on disposal of property and equipment</b>	<b>2,250</b>	<b>-</b>	<b>2,250</b>
<b>Changes in net assets</b>	<b>817,052</b>	<b>131,987</b>	<b>949,039</b>
Net assets, beginning of year	17,224,364	5,121,049	22,345,413
<b>Net assets, end of year</b>	<b>\$ 18,041,416</b>	<b>\$ 5,253,036</b>	<b>\$ 23,294,452</b>

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

## UNITED WAY OF GREATER TOLEDO

### Statement of Activities

Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public support and revenue and gains (losses)</b>			
Gross campaign revenue	\$ 6,229,191	\$ 758,638	\$ 6,987,829
Grants	2,112,173	-	2,112,173
<b>Gross revenue under management</b>	<b>8,341,364</b>	<b>758,638</b>	<b>9,100,002</b>
Bequest - non-campaign	855,591	-	855,591
Pledges received for future campaigns	-	172,954	172,954
Less donor designations	(1,461,362)	-	(1,461,362)
Less provision for uncollectible pledges	(298,648)	-	(298,648)
<b>Net revenue under management</b>	<b>7,436,945</b>	<b>931,592</b>	<b>8,368,537</b>
Net investment loss	(2,951,505)	(303,245)	(3,254,750)
Change in value of beneficial interest in perpetual trust	-	(434,269)	(434,269)
Other	45,956	-	45,956
Net assets released from restrictions	1,259,993	(1,259,993)	-
<b>Total public support and revenue and gains (losses)</b>	<b>5,791,389</b>	<b>(1,065,915)</b>	<b>4,725,474</b>
<b>Community investments and expenses</b>			
Program services			
Gross investments in community	4,870,947	-	4,870,947
Less donor designations	(1,461,362)	-	(1,461,362)
Net investments in community programs	3,409,585	-	3,409,585
Community support services	3,511,030	-	3,511,030
<b>Total program services</b>	<b>6,920,615</b>	<b>-</b>	<b>6,920,615</b>
Supporting services			
Resource development	866,330	-	866,330
Administration	623,909	-	623,909
<b>Total supporting services</b>	<b>1,490,239</b>	<b>-</b>	<b>1,490,239</b>
<b>Total expenses</b>	<b>8,410,854</b>	<b>-</b>	<b>8,410,854</b>
<b>Loss on disposal of property and equipment</b>	<b>1,967</b>	<b>-</b>	<b>1,967</b>
<b>Changes in net assets</b>	<b>(2,621,432)</b>	<b>(1,065,915)</b>	<b>(3,687,347)</b>
Net assets, beginning of year	19,845,796	6,186,964	26,032,760
<b>Net assets, end of year</b>	<b>\$ 17,224,364</b>	<b>\$ 5,121,049</b>	<b>\$ 22,345,413</b>

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

## UNITED WAY OF GREATER TOLEDO

### Statement of Functional Expenses

For the Year Ended June 30, 2023

With Comparative Totals for the Year Ended June 30, 2022

	Year Ended June 30, 2023							2023 Total	2022 Comparative Totals
	Program Services			Support Services					
	Community Impact, Leadership and Support	United Way 2-1-1 & Coordinated Assessment	Other	Total Program Services	Resource Development	Administration	Total Supporting Services		
<b>Community investments</b>									
Gross investments in community	\$ 3,744,483	\$ -	\$ 215,710	\$ 3,960,193	\$ -	\$ -	\$ -	\$ 3,960,193	\$ 4,870,947
Less donor designations	(1,221,593)	-	-	(1,221,593)	-	-	-	(1,221,593)	(1,461,362)
<b>Net investments in community programs</b>	<b>2,522,890</b>	<b>-</b>	<b>215,710</b>	<b>2,738,600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,738,600</b>	<b>3,409,585</b>
<b>Salaries and employee benefits</b>									
Salaries	843,422	49,449	23,582	916,453	615,969	359,952	975,921	1,892,374	1,737,407
Employee benefits	110,346	7,376	3,504	121,226	80,414	55,945	136,359	257,585	237,265
Payroll taxes and other	73,028	4,030	1,958	79,016	51,698	31,170	82,868	161,884	131,781
<b>Total salaries and employee benefits</b>	<b>1,026,796</b>	<b>60,855</b>	<b>29,044</b>	<b>1,116,695</b>	<b>748,081</b>	<b>447,067</b>	<b>1,195,148</b>	<b>2,311,843</b>	<b>2,106,453</b>
<b>Other expenses</b>									
Contract services	171,755	582,158	6,808	760,721	31,532	27,379	58,911	819,632	967,385
Professional services	9,873	4,978	10,466	25,317	1,795	40,843	42,638	67,955	46,230
Office and general	57,624	9,485	49,926	117,035	53,153	11,875	65,028	182,063	179,301
Occupancy	46,074	2,469	657	49,200	34,307	20,587	54,894	104,094	124,245
Property & casualty insurance	10,802	758	230	11,790	7,303	4,434	11,737	23,527	35,111
Mileage and meals	3,657	126	-	3,783	4,213	554	4,767	8,550	6,631
Professional development	10,275	339	471	11,085	3,431	4,283	7,714	18,799	17,018
Annual event and other meetings	7,417	595	2,967	10,979	10,438	2,086	12,524	23,503	22,966
Professional memberships and subscriptions	4,505	849	766	6,120	8,449	1,681	10,130	16,250	16,638
Credit card and bank charges	2,404	3,206	2,404	8,014	-	30,263	30,263	38,277	46,506
Equipment, repairs, and maintenance	23,662	2,482	-	26,144	4,843	2,943	7,786	33,930	34,427
United Way Worldwide dues	53,773	5,975	1,811	61,559	14,412	6,974	21,386	82,945	109,435
Interest	2,137	237	-	2,374	573	277	850	3,224	8,022
Depreciation	8,065	-	-	8,065	1,455	941	2,396	10,461	17,575
Specific assistance, including COVID related assistance	-	-	209,926	209,926	-	-	-	209,926	1,248,559
Miscellaneous	2,159	307	31	2,497	2,749	854	3,603	6,100	14,767
<b>Total other expenses</b>	<b>414,182</b>	<b>613,964</b>	<b>286,463</b>	<b>1,314,609</b>	<b>178,653</b>	<b>155,974</b>	<b>334,627</b>	<b>1,649,236</b>	<b>2,894,816</b>
<b>Total salaries and employee benefits and other expenses</b>	<b>1,440,978</b>	<b>674,819</b>	<b>315,507</b>	<b>2,431,304</b>	<b>926,734</b>	<b>603,041</b>	<b>1,529,775</b>	<b>3,961,079</b>	<b>5,001,269</b>
<b>Total expenses</b>	<b>\$ 3,963,868</b>	<b>\$ 674,819</b>	<b>\$ 531,217</b>	<b>\$ 5,169,904</b>	<b>\$ 926,734</b>	<b>\$ 603,041</b>	<b>\$ 1,529,775</b>	<b>\$ 6,699,679</b>	<b>\$ 8,410,854</b>

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



## UNITED WAY OF GREATER TOLEDO

### Statement of Functional Expenses

For the Year Ended June 30, 2022

	Year Ended June 30, 2022								2022 Total
	Program Services				Support Services			Total Supporting Services	
	Community Impact, Leadership and Support	United Way 2-1-1 & Coordinated Assessment	Schools as Community Hubs	Other	Total Program Services	Resource Development	Administration		
<b>Community investments</b>									
Gross investments in community	\$ 4,090,711	\$ -	\$ -	\$ 780,236	\$ 4,870,947	\$ -	\$ -	\$ -	\$ 4,870,947
Less donor designations	(1,461,362)	-	-	-	(1,461,362)	-	-	-	(1,461,362)
<b>Net investments in community programs</b>	<b>2,629,349</b>	<b>-</b>	<b>-</b>	<b>780,236</b>	<b>3,409,585</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,409,585</b>
<b>Salaries and employee benefits</b>									
Salaries	689,222	50,718	6,248	39,504	785,692	581,807	369,908	951,715	1,737,407
Employee benefits	88,729	8,257	481	4,258	101,725	69,381	66,159	135,540	237,265
Payroll taxes and other	51,351	3,750	453	2,965	58,519	44,668	28,594	73,262	131,781
<b>Total salaries and employee benefits</b>	<b>829,302</b>	<b>62,725</b>	<b>7,182</b>	<b>46,727</b>	<b>945,936</b>	<b>695,856</b>	<b>464,661</b>	<b>1,160,517</b>	<b>2,106,453</b>
<b>Other expenses</b>									
Contract services	207,453	539,561	6,374	148,330	901,718	35,997	29,670	65,667	967,385
Professional services	4,510	3,870	-	2,833	11,213	385	34,632	35,017	46,230
Office and general	34,155	8,635	131	75,148	118,069	47,256	13,976	61,232	179,301
Occupancy	70,278	5,196	270	736	76,480	30,290	17,475	47,765	124,245
Property & casualty insurance	17,699	966	48	357	19,070	8,545	7,496	16,041	35,111
Mileage and meals	2,838	66	21	3	2,928	3,463	240	3,703	6,631
Professional development	8,686	255	74	29	9,044	6,750	1,224	7,974	17,018
Annual event and other meetings	8,465	583	183	27	9,258	11,571	2,137	13,708	22,966
Professional memberships and subscriptions	6,173	897	91	3,088	10,249	3,618	2,771	6,389	16,638
Credit card and bank charges	2,968	3,957	-	3,699	10,624	-	35,882	35,882	46,506
Equipment, repairs, and maintenance	24,271	3,038	-	-	27,309	4,120	2,998	7,118	34,427
United Way Worldwide dues	61,222	6,862	7	19,081	87,172	13,768	8,495	22,263	109,435
Interest	5,435	609	1	1	6,046	1,222	754	1,976	8,022
Depreciation	13,791	-	-	-	13,791	2,690	1,094	3,784	17,575
Specific assistance, including COVID related assistance	-	-	-	1,248,559	1,248,559	-	-	-	1,248,559
Miscellaneous	13,493	49	10	12	13,564	799	404	1,203	14,767
<b>Total other expenses</b>	<b>481,437</b>	<b>574,544</b>	<b>7,210</b>	<b>1,501,903</b>	<b>2,565,094</b>	<b>170,474</b>	<b>159,248</b>	<b>329,722</b>	<b>2,894,816</b>
<b>Total salaries and employee benefits and other expenses</b>	<b>1,310,739</b>	<b>637,269</b>	<b>14,392</b>	<b>1,548,630</b>	<b>3,511,030</b>	<b>866,330</b>	<b>623,909</b>	<b>1,490,239</b>	<b>5,001,269</b>
<b>Total expenses</b>	<b>\$ 3,940,088</b>	<b>\$ 637,269</b>	<b>\$ 14,392</b>	<b>\$ 2,328,866</b>	<b>\$ 6,920,615</b>	<b>\$ 866,330</b>	<b>\$ 623,909</b>	<b>\$ 1,490,239</b>	<b>\$ 8,410,854</b>

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

# UNITED WAY OF GREATER TOLEDO

## Statements of Cash Flows

	Year Ended June 30	
	2023	2022
<b>Cash flows from operating activities</b>		
Changes in net assets	\$ 949,039	\$ (3,687,347)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Net realized and unrealized (gain) loss on investments	(1,604,902)	3,254,750
Change in value of beneficial interest in perpetual trust	(62,255)	434,269
Provision for uncollectible pledges	168,134	298,648
Depreciation	10,461	17,575
Amortization of right-of-use assets	86,727	-
Loss on disposal of property and equipment	2,250	1,967
Changes in operating assets and liabilities which provided (used) cash		
Pledges receivable	(7,687)	(251,244)
Grant, contract and other receivables	496,773	(580,289)
Bequest receivable	660,000	(660,000)
Employee retention tax credit receivable	(180,090)	207,484
Employee retention tax credit interest receivable	(8,080)	-
Prepaid expenses and other assets	14,509	4,124
Accounts payable and other	(53,994)	(193,605)
Community investments payable and designations payable	(341,704)	(479,964)
Operating lease obligations	(86,727)	-
<b>Net cash provided by (used in) operating activities</b>	<b>42,454</b>	<b>(1,633,632)</b>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	-	(36,998)
Proceeds from sales of property and equipment held for sale	-	4,663,247
Purchases of investments	(1,136,639)	(6,126,121)
Proceeds from sales of investments	1,549,033	1,311,981
<b>Net cash provided by (used in) investing activities</b>	<b>412,394</b>	<b>(187,891)</b>
<b>Cash flows from financing activities</b>		
Net repayments on lines of credit	(250,000)	(361,074)
Bequest received for endowment	-	1,982,205
<b>Net cash (used in) provided by financing activities</b>	<b>(250,000)</b>	<b>1,621,131</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>204,848</b>	<b>(200,392)</b>
Cash and cash equivalents, beginning of the year	205,818	406,210
<b>Cash and cash equivalents, end of the year</b>	<b>\$ 410,666</b>	<b>\$ 205,818</b>
<b>Supplemental disclosures of cash flows information</b>		
Interest paid	\$ 3,224	\$ 8,022

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

# UNITED WAY OF GREATER TOLEDO

## Notes to Financial Statements

### 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Nature of Organization*

**United Way of Greater Toledo** (the "Organization") is a nonprofit charitable entity, incorporated in May 1918, governed by a volunteer Board of Directors (the "Board"). The Organization licenses its name and trademark from United Way Worldwide and operates autonomously. This means that funds raised stay in, and support, local programming, initiatives and efforts for Lucas, Ottawa, and Wood counties.

The purpose of United Way is to uncover root-cause issues that inhibit community members from utilizing and benefiting from programs that help them live more robust lives. This is accomplished via staff, partners, and volunteers working to discover community conditions that need improvement, accompanied with the designing and building of long-term solutions.

Through generous gifts from private donors and businesses and grants from foundations and government entities, United Way manages one of the largest 211 networks in Ohio and increases access by providing critical funding through its four pillars to sixty programs across its three-county footprint. Every dollar United Way allocates is carefully measured for success. This allows staff to assess which programs generate impact and resonate most with those seeking help.

Through its 2020 strategic plan, United Way adopted the national best practice Collective Impact Model to guide its leadership as a backbone organization in education, financial stability, health, and housing. The purpose of this model is to create a shared-community-vision, which will leverage funding, resources, and expertise from business, philanthropic and academic partners, and individuals with lived experience. Program investment is carefully monitored by the volunteer Community Impact Cabinet and program outcomes, as well as Collaboratives (network meetings of organizations within each pillar) are assessed using the Results-based Accountability Methodology™.

United Way's Community Analytics and Research Department analyzes program outcome data and community data, available freely to all community members and organizations to tell a more informed and thoughtful story about impact in northwest Ohio.

United Way prides itself on community engagement. Through volunteerism and advocacy, hundreds of individuals are mobilized and called-to-action each year for projects that are both timely and responsive to emergency needs.

# UNITED WAY OF GREATER TOLEDO

## Notes to Financial Statements

### *Risks and Economic Uncertainties*

At the time of the COVID-19 outbreak and global constraints, it was unknown as to the degree the outbreak would disrupt and affect the Organization's normal activities. Management reasonably expected the COVID-19 outbreak and global constraints to negatively impact the Organization's financial position, changes in net assets, the timing and amounts of cash flows, and operating results. Management does not believe that any ongoing negative financial impacts of the pandemic and global constraints, if any, would be material to the Organization.

During fiscal year 2023, the Organization applied for a \$180,090 Employee Retention Tax Credit ("ERTC") pursuant to the CARES Act. The ERTC allows for a refundable tax credit against certain employment taxes if certain eligibility requirements are met. The Organization accounts for the ERTC as a conditional grant, and as all conditions have been met for qualification of the credit during the year ended June 30, 2023, the Organization recognized \$180,090 related to the ERTC as a receivable and support in fiscal 2023, along with \$8,080 in interest which was received with a receipt of \$188,170 subsequent to year end.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in these financial statements.

### *Net Asset Classification*

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

*Net Assets Without Donor Restrictions*: Net assets available for use in general operations and are not subject to donor (or certain grantor) restrictions or donor-imposed restrictions that have expired. The Board of Directors has designated a portion of net assets without donor restrictions, which amounted to \$19,272,999 and \$18,083,102 at June 30, 2023 and 2022, respectively, as a quasi-endowment (an amount to be treated by management as if it were part of the donor-restricted endowment) for the purpose of securing the Organization's long-term financial viability.

*Net Assets With Donor Restrictions*: Net assets subject to donor- (or certain grantor-) 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 but permit the Organization to use or expend all of the capital appreciation and income earned. 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, and are reported as net assets released from restrictions in the statements of activities.

# UNITED WAY OF GREATER TOLEDO

## Notes to Financial Statements

### *Use of 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 revenue and expenses during the year. Actual results could differ from those estimates. Significant estimates include, but are not limited to, the allowance for uncollectible pledges.

### *Cash and Cash Equivalents*

The Organization considers all highly liquid short-term investments with a maturity of three months or less when purchased to be cash equivalents, except that such investments purchased for a long-term purpose are classified as investments. The Organization maintains cash deposits with financial institutions in amounts, which at times, may exceed the federally insured limits. Management does not believe the Organization is exposed to any significant interest rate or other financial risk as a result of these deposits.

### *Fair Value Measurements*

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants in the market in which the reporting entity transacts such sales or transfers based on the assumptions market participants would use when pricing an asset or liability. Assumptions are developed based on prioritizing information within a fair value hierarchy that gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3).

A description of each category in the fair value hierarchy is as follows:

- Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets.
- Level 2: Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all-significant assumptions are observable in the market.
- Level 3: Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the estimates of assumptions that market participants would use in pricing the asset or liability.

For a further discussion of fair value measurements, refer to Note 3 to the financial statements.

# UNITED WAY OF GREATER TOLEDO

## Notes to Financial Statements

### *Pledges Receivable and Campaign Revenue Recognition*

Annual campaigns are conducted each year to support community investments in participating local programs. All contributions are considered without donor restrictions unless specifically restricted by the donor. Campaign collections and pledge receivables related to future campaigns are reported as with donor restrictions. The Organization carries its unconditional promises to give at the amount the Organization expects to collect from balances outstanding at year-end. The Organization has recorded an allowance for uncollectible pledges equal to management's estimate of pledges which ultimately will not be collected. This estimate is based on historical collection experience and current economic conditions. It is reasonably possible that the Organization's estimate of the allowance for uncollectible pledges will change. Uncollectible amounts that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for uncollectible pledges and a reduction in pledges receivable. All pledges receivable are expected to be collected within one year.

Designations payable represent amounts received with specific donor designations to external organizations. These funds are reported in gross campaign revenues for the Organization, but are eliminated from net revenue under management. As required by GAAP, such amounts are reported as a liability until forwarded to the designated agency or other qualifying organization.

### *Contributions*

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give - that is, those with a measurable performance or other barrier and right of return - are not recognized until the conditions on which they depend on have met. However, for unconditional donor-restricted contributions that were initially conditional, if donor-imposed restrictions are met in the same year that they became unconditional, the revenues are reported as revenues without donor restrictions on the statements of activities. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

### *Revenue from Grants*

Grants are considered conditional contributions and are recorded as revenue when all events and/or conditions thereof have been met as determined by the funding organization. Grant revenue is recognized directly into net assets without donor restrictions as the restrictions are met in the same period that the revenue is recognized in the financial statements. A refundable advance on conditional contribution is recorded if monies are received but not expended. A grant receivable is recorded if all events and/or conditions thereof have been met but the related grant proceeds were not yet received at the end of the fiscal year.

# UNITED WAY OF GREATER TOLEDO

## Notes to Financial Statements

### ***Investments and Beneficial Interest in Perpetual Trust***

Investments securities purchased are initially recorded at cost. Thereafter, the carrying values of such investments are adjusted to fair values which are determined using published exchange market quotations where applicable or estimated fair values provided by external investment managers or other sources. 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, distributions from beneficial interest in perpetual trust, less external investment expenses.

The Organization is the income beneficiary of a perpetual trust held and administered by an outside fiscal agent. Under the terms of the trust, the Organization has the irrevocable right to receive the income earned on the trust's assets in perpetuity, but will never receive the assets held in trust. The present value of the estimated future cash receipts from the trust was recognized as an asset and contributed support with donor restrictions at the date the trust is established. Distributions from the trust are recorded as net investment return, and the carrying value of the assets is adjusted annually for changes in the estimates of future receipts.

### ***Property and Equipment and Depreciation***

Property and equipment is stated at cost or, if donated, at estimated fair value at the date of donation. Major improvements and renewals which exceed \$1,000 are capitalized while ordinary maintenance and repairs are expensed. Management reviews these assets for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable.

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from 3 to 39 years.

### ***Donated Services***

A portion of the Organization's functions are conducted by unpaid board members and volunteers. The value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the criteria necessary for recognition in accordance with accounting principles generally accepted in the United States of America ("GAAP").

### ***Community Investments Payable***

The Organization pays community investments related to each campaign based on a 12-month disbursement period, running from July 1 to June 30.

# UNITED WAY OF GREATER TOLEDO

## Notes to Financial Statements

### *Functional Allocation of Expenses*

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited. Expenses are generally allocated between program services and supporting services based on specific identification, space utilized, or salaries, whichever is more appropriate. Although the methods of allocation used are considered reasonable, other methods could be used and produce different amounts.

### *Income Taxes*

The Organization is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is exempt from similar state and local taxes. Although the Organization was granted income tax exemption by the Internal Revenue Service, such exemption does not apply to "unrelated business taxable income." The Organization has been classified as not a private foundation.

The Organization analyzes its income tax filing positions in the federal and state jurisdictions where it is required to file income tax returns, for all open tax years in these jurisdictions, to identify potential uncertain tax positions.

The Organization has evaluated its income tax filing positions for fiscal years 2020 through 2023, the years which remain subject to examination as of June 30, 2023. The Organization concluded that there are no significant uncertain tax positions requiring recognition in the Organization's financial statements. The Organization does not expect the total amount of unrecognized tax benefits ("UTB") (e.g. tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly change in the next twelve months. The Organization does not have any amounts accrued for interest and penalties related to UTBs at June 30, 2023 or 2022, and is not aware of any claims for such amounts by federal or state income tax authorities.

### *Leases, including Recent Accounting Pronouncement*

In February 2016, the Financial Accounting Standards Board ("FASB") established Accounting Standards Codification ("ASC") Topic 842, *Leases* ("ASC 842"), by issuing Accounting Standards Update ("ASU") No. 2016-02 ("ASU 2016-02"). The standard, as amended, establishes a right-of-use ("ROU") model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for all leases with a term longer than 12 months. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of activities.



## UNITED WAY OF GREATER TOLEDO

### Notes to Financial Statements

The Organization adopted ASU 2016-02, as amended, effective July 1, 2022. Financial information has not been updated and the disclosures required under the new standard have not been provided for dates and periods before July 1, 2022. The Organization elected the new standard's package of practical expedients, which permits the Organization to maintain prior conclusions about lease identification, lease classification, and initial direct costs. The Organization elected to use the go-forward practical expedient to not separate lease and non-lease components for all of the leases. The Organization also elected to use the short-term lease recognition exemption for all leases that qualify.

Upon adoption, the Organization recognized operating lease liabilities and operating ROU assets of \$635,130, for the present value of the remaining minimum rental payments on existing operating leases (including consideration related to non-lease components due to the related practical expedient). Corresponding amounts were not reclassified in prior periods as those prior periods are presented under ASC 840, *Leases*. Refer to Note 7 to the financial statements for information regarding leases.

The Organization's lease arrangements primarily relate to office space, parking, and certain office equipment such as copy machines. The leases generally have initial terms ranging from three to five years and may include renewal or early-termination options. The Organization is typically required to make fixed minimum rent payments, variable rent payments, or a combination thereof, relating to its right to use an underlying leased asset. The Organization is also often required to pay for certain other costs that do not relate specifically to its right to use an underlying asset, but that are associated with the asset, which may be fixed or variable in amount, depending on the terms of the respective lease agreement.

Management determines whether an arrangement contains a lease at the arrangement's inception. If a lease is determined to exist, its related term is assessed at lease commencement, once the underlying asset is made available by the lessor for the Organization's use. The Organization's assessment of the lease term reflects the non-cancellable period of the lease, inclusive of any rent-free periods and/or periods covered by early-termination options for which the Organization is not considered reasonably certain of exercising, as well as periods covered by renewal options for which it is considered reasonably certain of exercising. Management also determines lease classification as either operating or finance (formerly referred to as "capital") at lease commencement, which governs the pattern of expense recognition and the presentation thereof reflected in the statements of activities over the lease term.

For leases with a lease term exceeding 12 months, a lease liability is recorded on the Organization's statement of financial position at lease commencement reflecting the present value of its fixed payment obligations over such term. A corresponding right-of-use ("ROU") asset equal to the initial lease liability is also recorded, increased by any prepaid rent and/or initial direct costs incurred in connection with execution of the lease, and reduced by any lease incentives received. The Organization includes fixed payment obligations related to non-lease components in the measurement of ROU assets and lease liabilities, as it elects to account for lease and non-lease components together as a single lease component. Variable lease payments are not included in the measurement of ROU assets and lease liabilities. The Organization does not have any finance type leases as of June 30, 2023. For purposes of measuring the present value of its fixed payment obligations for a given lease, the Organization uses the risk-free discount rate, determined based on information available at lease commencement, as rates implicit in its leasing arrangements are not readily determinable.

# UNITED WAY OF GREATER TOLEDO

## Notes to Financial Statements

For operating leases, fixed lease payments are recognized as operating lease cost on a straight-line basis over the lease term. For leases with a lease term of 12 months or less (referred to as a "short-term lease"), any fixed lease payments are recognized on a straight-line basis over such term and are not recognized on the statement of financial position. Variable lease cost, if any, is recognized as incurred for all leases.

Management annually reviews these ROU assets for impairment whenever events or circumstances indicate that their carrying values may not be fully recoverable.

### *Subsequent Events*

In preparing these financial statements, the Organization has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to June 30, 2023, the most recent statement of financial position presented herein, through December 14, 2023, the date these financial statements were available to be issued. No such significant transactions or events were identified other than the matter previously described under Risks and Economic Uncertainties section above.

## 2. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of June 30:

	2023	2022
Pledges receivable, net, due within one year	\$ 1,070,835	\$ 959,160
Grants and other receivables	281,375	778,148
Employee retention tax credit and related interest receivable	188,170	-
Board-designated endowment spending rate distributions and appropriations	983,265	1,425,033
Distribution from beneficial interest in perpetual trust	87,000	86,000
<b>Financial assets available for general use within one year</b>	<b>\$ 2,610,645</b>	<b>\$ 3,248,341</b>

# UNITED WAY OF GREATER TOLEDO

## Notes to Financial Statements

The endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Accumulated investment gains from donor-restricted endowments are available for general use upon appropriation by the Organization's Board, unless restricted by the donor. Although the Organization does not intend to spend the accumulated investment gains from these donor-restricted endowments whose accumulated gains are available for general expenditure (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary. Capital appreciation and income from donor-restricted endowments that is restricted by the donor remains restricted until appropriated in accordance with the underlying agreement. The portion of donor-restricted endowment funds that is to be maintained in perpetuity is not available for general expenditure.

The board-designated endowment and endowed accumulated investment gains without donor restriction of \$19,443,896 as of June 30, 2023 and \$18,309,736 as of June 30, 2022 is subject to an annual spending rate. Although the Organization does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

The Organization received an unrestricted bequest in the amount of \$660,000 in fiscal 2022, which is shown as a bequest receivable on the June 30, 2022 statement of financial position. Although this is unrestricted, the Organization intended to deposit the funds into its board-designated fund. As a result, this amount has not been included in the financial assets available for general use within one year as of June 30, 2023.

As part of the Organization's liquidity plan, net revenue under management is available for general expenditures, without donor or other restrictions limiting their use, within one year of the statement of financial position date. Additionally, to help manage seasonal liquidity needs, the Organization has a line of credit with maximum borrowings of \$3,000,000 (there were no amounts outstanding as of June 30, 2023; \$250,000 was outstanding as of June 30, 2022), which it could draw upon. Note that the line of credit is secured by certain investment accounts (see Note 6).

### 3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Investments and the beneficial interest in perpetual trust are recorded at fair value on a recurring basis.

# UNITED WAY OF GREATER TOLEDO

## Notes to Financial Statements

Following is a description of the valuation methodologies and key inputs used to measure financial assets recorded at fair value. For financial assets recorded at fair value, the description includes an indication of the level of the fair value hierarchy in which the assets are classified.

### **Investments**

Money market funds, mutual funds, U.S. stocks and U.S. government agency bonds are recorded at fair value on a recurring basis. The carrying amounts of money market funds approximate fair values and are included as Level 1 assets. Fair value measurement for mutual funds and U.S. stocks is based upon quoted prices. Level 1 securities include mutual funds and U.S. stocks traded on an active exchange, such as the New York Stock Exchange, that are traded by dealers or brokers in active over-the-counter markets. Level 2 investments include U.S. government agency bonds that are estimated using a model-driven system to calculate prices. More specifically, the model estimates the spread at which bonds of similar quality and maturity should be trading with respect to treasury securities of the same maturity. Based on their spread (yield difference versus treasury securities) the value is then calculated using the standard yield-to-maturity formula is provided by external advisors.

### **Beneficial Interest in Perpetual Trust**

The Organization classifies the beneficial interest in perpetual trust as Level 3 in the fair value hierarchy. The underlying trust assets cannot be liquidated or redeemed by the Organization. As such, no quoted prices or active markets are available for this asset. Prior to fiscal 2023, as a practical expedient, the carrying value of this asset was deemed equal to the Organization's proportionate share of the fair value of the total investments held in the trust as provided by external advisors. In fiscal 2023, the Organization was informed by the trustee that it would no longer supply financial information concerning the trust. As a result of no longer being provided with this financial information, the Organization began measuring the fair value of the trust based on a discounted cash flow analysis of the expected income derived from its interest in the trust (an income approach). The Organization used the current fiscal year distribution amount and a discount rate of approximately 4.37%, which is based on historical return and is representative of long-term treasury rates, to calculate the fair value of the trust at June 30, 2023.

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

# UNITED WAY OF GREATER TOLEDO

## Notes to Financial Statements

### Assets Recorded at Fair Value on a Recurring Basis

The following tables set forth by level, within the fair value hierarchy, the recorded amount of the assets measured at fair value on a recurring basis as of June 30:

2023	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Money market	\$ 1,194,472	\$ -	\$ -	\$ 1,194,472
Mutual funds				
Equity				
Large-cap	1,781,324	-	-	1,781,324
Mid-cap	2,715,356	-	-	2,715,356
Developed International	2,672,290	-	-	2,672,290
Emerging market	1,296,255	-	-	1,296,255
U.S. real estate	1,104,533	-	-	1,104,533
Energy/commodity	417,484	-	-	417,484
Precious metal	467,792	-	-	467,792
Fixed income				
Intermediate-term bonds	771,539	-	-	771,539
Short-term bond	684,630	-	-	684,630
International bond	1,752,167	-	-	1,752,167
U.S. stocks	5,058,932	-	-	5,058,932
U.S. government agency bonds	-	2,037,046	-	2,037,046
<b>Total investments carried at fair value</b>	<b>19,916,774</b>	<b>2,037,046</b>	<b>-</b>	<b>21,953,820</b>
<b>Beneficial interest in perpetual trust</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,994,931</b>	<b>\$ 1,994,931</b>

# UNITED WAY OF GREATER TOLEDO

## Notes to Financial Statements

2022	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Money market	\$ 931,495	\$ -	\$ -	\$ 931,495
Mutual funds				
Equity				
Large-cap	2,864,022	-	-	2,864,022
Mid-cap	2,538,225	-	-	2,538,225
Developed International	2,182,058	-	-	2,182,058
Emerging market	1,516,250	-	-	1,516,250
U.S. real estate	1,258,484	-	-	1,258,484
Energy/commodity	323,622	-	-	323,622
Precious metal	439,835	-	-	439,835
Fixed income				
Intermediate-term bonds	661,714	-	-	661,714
Short-term bond	643,046	-	-	643,046
International bond	1,719,631	-	-	1,719,631
U.S. stocks	4,369,800	-	-	4,369,800
U.S. government agency bonds	-	1,313,130	-	1,313,130
<b>Total investments carried at fair value</b>	<b>19,448,182</b>	<b>1,313,130</b>	<b>-</b>	<b>20,761,312</b>
<b>Beneficial interest in perpetual trust</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,932,676</b>	<b>\$ 1,932,676</b>

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets measured at fair value on a recurring basis as of June 30:

	Beneficial Interest in Perpetual Trust	
	2023	2022
<b>Balance, at beginning of year</b>	\$ 1,932,676	\$ 2,366,945
Change in value of trust assets	62,255	(434,269)
<b>Balance, at end of year</b>	<b>\$ 1,994,931</b>	<b>\$ 1,932,676</b>

Certain investments are pledged as collateral for the Organization's line of credit (see Note 6).

# UNITED WAY OF GREATER TOLEDO

## Notes to Financial Statements

### 4. BENEFICIAL INTEREST IN PERPETUAL TRUST

The Organization is one of the beneficiaries of a trust held by a local foundation. Under the trust agreement, the Organization is entitled to receive 25% of the income generated from this trust. As the trust is irrevocable, the Organization has recorded a beneficial interest in perpetual trust (net assets with donor restrictions). The Organization received approximately \$87,000 of income from the trust during fiscal 2023 and approximately \$86,000 during fiscal 2022. This revenue has been included as net investment return in these financial statements.

### 5. PROPERTY AND EQUIPMENT

Net property and equipment consists of the following at June 30:

	2023	2022
<b>Property and equipment</b>		
Leasehold improvements	\$ 9,300	\$ 13,800
Furniture and equipment	116,770	128,836
Total	126,070	142,636
Less accumulated depreciation	102,303	106,158
<b>Net property and equipment</b>	<b>\$ 23,767</b>	<b>\$ 36,478</b>

### 6. LINE OF CREDIT

The Organization has a \$3,000,000 demand revolving line of credit with a bank for working capital purposes which bears interest at the prime rate minus 1.8% (6.45% at June 30, 2022 and 2.95% at June 30, 2022). There were no amounts outstanding under this line of credit agreement at June 30, 2023; the amount outstanding under this line of credit agreement was \$250,000 at June 30, 2022. The line of credit is subject to review annually and is secured by a portfolio of certain investment accounts of the Organization (\$14,789,720 at June 30, 2023). The agreement requires the Organization to maintain a loan (outstanding principal and interest owed) to collateral value not to exceed 65% of the investment market value.

### 7. LEASES

The following table summarizes the composition of net lease cost during the year ended June 30, 2023:

Operating lease cost	\$ 103,833
Short-term lease cost	14,340
<b>Total lease cost</b>	<b>\$ 118,173</b>

## UNITED WAY OF GREATER TOLEDO

### Notes to Financial Statements

The Organization has month-to-month operating leases for several office buildings. It is uncertain if these leases will continue.

In accordance with lease accounting guidance in effect prior to its adoption of ASU 2016-02, the Organization recognized operating rent expense of approximately \$80,000 in fiscal 2022. Such amounts do not include expense recognized related to non-lease components.

The following table summarizes other information related to the Organization's leases during the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease obligations	
Operating cash flows from operating leases	\$ 103,833
Right-of-use assets obtained in exchange for new operating lease obligations	\$ -
Weighted-average remaining lease term - operating leases	6.15
Weighted-average discount rate - operating leases	2.92%

The following table presents a maturity analysis summary of the Organization's lease obligations recorded on the statement of financial position as of June 30, 2023:

Year	Operating Leases
2024	\$ 102,916
2025	101,082
2026	92,526
2027	86,415
2028	86,415
Thereafter	<u>129,623</u>
Total lease payments	598,977
Less present value discount	<u>50,574</u>
<b>Total lease obligations</b>	<b><u>\$ 548,403</u></b>



# UNITED WAY OF GREATER TOLEDO

## Notes to Financial Statements

### 8. RETIREMENT PLANS

The Organization and 37 nonprofit agencies in the Greater Toledo area, of which 23 are active, participate in The Defined Benefit Pension Plan of United Way of Greater Toledo and Affiliated Agencies (the "Plan"), a defined benefit retirement plan which is accounted for as a multiemployer plan. The Plan covers eligible employees twenty-one years of age or older who had completed one year of continuous employment prior to December 31, 2003.

In September 2003, the Board approved an amendment to the Plan which provided that benefit accrual service ceased to accrue for any participant as of December 31, 2003, and that final average earnings will not include any compensation earned by any participant after that date. The frozen Plan and corresponding trust will remain in existence as long as necessary to pay accumulated Plan benefits.

Since the Plan is an Eligible Charity Plan ("ECP"), the Plan is not subject to the minimum funding standards contained in the Pension Protection Act of 2006 until the first plan year for which the Plan ceases to be an ECP. The Board has established a funding policy which requires contributions to meet or exceed the minimum funding requirement.

At January 1, 2023, the value of the Plan's assets are less than the current liability of \$36,860,679. The current liability represents the present value of accumulated plan benefits computed using certain interest rate assumptions that are prescribed by Pension Protection Act ("PPA"). The funding is determined by the actuary and is allocated based on employee liability among United Way and the participating agencies. In the event of nonpayment by a participating agency, the remaining participating agencies of the Plan may be liable to meet the minimum contribution required by the PPA.

The actuarial present value of accumulated Plan benefits was \$34,752,680 as of the January 1, 2023 valuation date, the most recent information available. The fair value of the Plan's investments was \$33,230,418 as of December 31, 2022. Plan assets are invested based on a long-term investment strategy and held approximately 29% in fixed income securities and 71% in equity accounts as of December 31, 2022.

As of December 31, 2022, 63 of the 1,046 total participants were from the Organization. Contributions were required to be made to the Plan for fiscal 2023 and 2022. The Organization's share of the required contributions was approximately \$17,000 in fiscal 2023 and \$110,000 in fiscal 2022, which represents more than 5% of the total Plan contributions for each of those years.

On April 1, 2015, the Organization executed a new retirement savings plan exclusive to its eligible employees twenty-one years of age or older who have completed one year of service. The Organization makes biweekly contributions equal to 2% of an eligible employee's salary. In addition, employee voluntary contributions are matched dollar for dollar by the Organization up to 3%. Total expense related to the plan amounted to approximately \$87,000 in fiscal 2023 and \$86,000 in fiscal 2022.

# UNITED WAY OF GREATER TOLEDO

## Notes to Financial Statements

### 9. RELATED PARTY TRANSACTIONS

The Organization is a member of United Way Worldwide. Membership dues paid to this organization amounted to \$82,945 in fiscal 2023 and \$109,435 in fiscal 2022. The Organization also paid fees to United Way Worldwide in the amount of \$1,950 in fiscal 2022 for training and development.

The Organization utilizes certain information technology services provided by a shared service provider to United Way organizations. Fees paid to this service provider amounted to \$175,502 in fiscal 2023 and \$137,430 in fiscal 2022.

### 10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at June 30:

	2023	2022
Subject to expenditure for specified purpose		
Imagination Library	\$ 42,392	\$ 40,170
Emergency Response Fund	248,400	215,656
Aspire	212,578	274,912
Other specific community programs	74,944	119,471
	<u>578,314</u>	<u>650,209</u>
Subject to the passage of time		
Pledges received for future campaigns	169,867	172,954
Endowments: unappropriated investment losses; subject to appropriation and expenditure in accordance with donor agreement	(288,904)	(433,618)
Endowments: perpetual in nature, earnings from which are subject to endowment spending policy and appropriation:		
Fund for the Future - operations	80,981	80,981
William Winkle - operations	704,602	704,602
John and Hope Eastman Fund - operations	100,000	100,000
Silverman - utility assistance	1,913,245	1,913,245
	<u>2,798,828</u>	<u>2,798,828</u>
Perpetual in nature, not subject to spending policy or appropriation		
Beneficial interest in perpetual trust	1,994,931	1,932,676
	<u>1,994,931</u>	<u>1,932,676</u>
<b>Total net assets with donor restrictions</b>	<b><u>\$ 5,253,036</u></b>	<b><u>\$ 5,121,049</u></b>

# UNITED WAY OF GREATER TOLEDO

## Notes to Financial Statements

### 11. ENDOWMENT FUNDS

The Organization's endowment funds consist of multiple individual funds established for a variety of purposes. They include both donor-restricted funds and funds designated by the Board of Directors to serve as endowment funds. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

#### *Interpretation of Relevant Law*

The Board of Directors considers donor restrictions on endowments to be the relevant law underlying the net asset classification of donor-restricted endowment funds. Accordingly, the Organization classifies the original value of the gift donated as net assets with donor restrictions. The remaining portion of the endowment fund is classified as net assets without donor restrictions or net assets with donor restrictions depending on the terms of the donor agreement.

The following is a summary of the Organization's endowment and changes therein during each of the two years ended June 30, 2023 and 2022:

#### Endowment Net Asset Composition by Type of Fund as of June 30, 2023:

2023	Without Donor Restriction	With Donor Restriction	Total
Board-designated endowment funds	\$ 19,371,465	\$ -	\$ 19,371,465
Donor restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	2,798,828	2,798,828
Accumulated investment gains (losses)	72,431	(288,904)	(216,473)
<b>Total funds</b>	<b>\$ 19,443,896</b>	<b>\$ 2,509,924</b>	<b>\$ 21,953,820</b>

# UNITED WAY OF GREATER TOLEDO

## Notes to Financial Statements

### Changes in Endowment Assets for the Year Ended June 30, 2023:

2023	Without Donor Restriction	With Donor Restriction	Total
Changes in endowment net assets for the year ended June 30, 2023			
Net investment return	\$ 1,815,690	\$ 153,714	\$ 1,969,404
Donor contributions	650,100	-	650,100
Appropriation of endowment assets pursuant to spending rate policy	(1,425,032)	(9,000)	(1,434,032)
Transfers to board-designated fund	93,402	-	93,402
Changes in endowment net assets	1,134,160	144,714	1,278,874
Endowment net assets			
Beginning of year	18,309,736	2,365,210	20,674,946
<b>End of year</b>	<b>\$ 19,443,896</b>	<b>\$ 2,509,924</b>	<b>\$ 21,953,820</b>

### Endowment Net Asset Composition by Type of Fund as of June 30, 2022:

2022	Without Donor Restriction	With Donor Restriction	Total
Board-designated endowment funds	\$ 18,083,102	\$ -	\$ 18,083,102
Donor restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	2,798,828	2,798,828
Accumulated investment gains (losses)	226,634	(433,618)	(206,984)
<b>Total funds</b>	<b>\$ 18,309,736</b>	<b>\$ 2,365,210</b>	<b>\$ 20,674,946</b>

# UNITED WAY OF GREATER TOLEDO

## Notes to Financial Statements

### Changes in Endowment Assets for the Year Ended June 30, 2022:

2022	Without Donor Restriction	With Donor Restriction	Total
Changes in endowment net assets for the year ended June 30, 2022			
Net investment loss	\$ (2,941,915)	\$ (303,245)	\$ (3,245,160)
Donor contributions	4,269,718	1,913,245	6,182,963
Appropriation of endowment assets pursuant to spending rate policy	<u>(1,249,515)</u>	<u>(130,373)</u>	<u>(1,379,888)</u>
Changes in endowment net assets	78,288	1,479,627	1,557,915
Endowment net assets			
Beginning of year	<u>18,231,448</u>	<u>885,583</u>	<u>19,117,031</u>
<b>End of year</b>	<b><u>\$ 18,309,736</u></b>	<b><u>\$ 2,365,210</u></b>	<b><u>\$ 20,674,946</u></b>

### *Investment Return Objectives, Risk Parameters and Strategies*

The Organization has adopted investment and spending policies, approved by the Board, to preserve capital while at the same time making the maximum prudent portion of the earnings and appreciation of the corpus of the endowment funds available to support current activities. The Board has charged the Audit/Finance Committee with overseeing the investment of the endowment funds and balancing the goals of capital preservation and income to support current activities.

### *Spending Policy*

The annual spending policy of the Organization is to provide 3% - 6% of the average endowed market value for the trailing twelve quarters ending December 31 of the prior year, less debt and funds otherwise restricted (endowed) by a donor.

### *Funds with Deficiencies*

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization's policy is to cease the spending from underwater funds until they recovered. The Organization has one underwater fund at June 30, 2023, which has an original gift value of \$1,913,245, a fair value of \$1,624,341, and a deficiency of \$288,904, which is reported in net assets with donor restrictions. The Organization had the same underwater fund at June 30, 2022, which had an original gift value of \$1,913,245, a fair value of \$1,479,627, and a deficiency of \$433,618, which is reported in net assets with donor restrictions. The related donor agreement does not limit spending from underwater funds.

