

**Orrville United Way
(Non-Profit)**

**Financial Report
(Audit)**

December 31, 2022 and 2021

Orrville United Way

CONTENTS

	<u>Page</u>
INDEPENDENT AUDIT REPORT	3 - 4
FINANCIAL STATEMENTS	
Statement of Financial Position.....	5
Statement of Activities.....	6
Statement of Functional Expenses.....	7
Statement of Cash Flows.....	8
Notes to Financial Statements.....	9 - 14



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Independent Auditor's Report

To the Board of Directors
Orrville United Way
Orrville, Ohio

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Orrville United Way (a non-profit organization), which comprise the statement of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Orrville United Way as of December 31, 2022 and 2021 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Orrville United Way's ability to continue as a going concern for the years ended December 31, 2022 and 2021.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, 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 Orrville United Way and Orrville United Way'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 Orrville United Way'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.

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Wadsworth, Ohio

August 24, 2023

**Orrville United Way
Statement of Financial Position
December 31, 2022 and 2021**

ASSETS		
	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	\$ 438,981	373,327
Restricted cash	-	-
Pledges receivable	73,062	82,049
Less: Allowance for doubtful accounts	(15,000)	(15,000)
Total Current Assets	497,043	440,376
Property, Plant, & Equipment		
Furniture	8,817	8,817
Equipment	7,440	4,340
	16,257	13,157
Less: Accumulated depreciation	(5,346)	(3,893)
Net Property, Plant, and Equipment	10,911	9,264
Other Non Current Assets		
Right of Use asset, net of accumulated amortization	13,234	-
Website, net of accumulated amortization	2,189	3,310
Total Other Current Assets	15,423	3,310
TOTAL ASSETS	\$ 523,377	\$ 452,950
LIABILITIES AND NET ASSETS		
	2022	2021
CURRENT LIABILITIES		
Accounts payable	\$ -	\$ -
Designation payable	1,826	3,000
Accrued expenses	6,220	7,016
Lease obligation - current	7,768	-
TOTAL CURRENT LIABILITIES	15,814	10,016
LONG TERM LIABILITIES		
Lease obligation	5,466	-
	5,466	-
TOTAL LIABILITIES	21,280	10,016
NET ASSETS		
Without donor restrictions	502,097	442,934
With donor restrictions	-	-
Total Net Assets	502,097	442,934
TOTAL LIABILITIES AND NET ASSETS	\$ 523,377	\$ 452,950

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

Orrville United Way
Statement of Activities
For the Years Ended December 31, 2022 and 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022</u>	<u>2021</u>
REVENUES				
Contribution Support	\$ 697,613	\$ -	\$ 697,613	\$ 672,419
Less: Donor Designation	-	-	-	-
Less: Allowance for uncollectible pledges	565	-	565	(97)
Total Direct Public Support	<u>698,178</u>	<u>-</u>	<u>698,178</u>	<u>672,322</u>
Miscellaneous Revenue				
Interest Income	81	-	81	39
Investment income	-	-	-	668
Total Miscellaneous Revenue	<u>81</u>	<u>-</u>	<u>81</u>	<u>707</u>
TOTAL REVENUES	698,259	-	698,259	673,029
EXPENSES				
Program Services:				
Grants to partner agencies	472,896	-	472,896	426,466
Community Impact Activities	53,306	-	53,306	49,231
Support Services				
Management & General	88,139	-	88,139	80,475
Fundraising	24,755	-	24,755	27,106
Total Expenses	<u>639,096</u>	<u>-</u>	<u>639,096</u>	<u>583,278</u>
CHANGE IN NET ASSETS	59,163	-	59,163	89,751
NET ASSETS - BEGINNING OF YEAR	<u>442,934</u>	<u>-</u>	<u>442,934</u>	<u>353,183</u>
NET ASSETS - END OF YEAR	<u>\$ 502,097</u>	<u>\$ -</u>	<u>\$ 502,097</u>	<u>\$ 442,934</u>

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

**Orrville United Way
Statement of Functional Expenses
For the Years Ended December 31, 2022 and 2021**

	Program Services			Support Services			Total Services	
	Grants to Partner Agencies	Community Impact Activities	Total Program Services	Management and General	Fundraising	Total Support Services	2022	2021
Salaries	\$ 11,792	\$ 16,004	\$ 27,796	\$ 43,801	\$ 12,635	\$ 56,436	\$ 84,232	\$ 78,707
Employee benefits	1,024	1,390	2,414	3,804	1,097	4,901	7,315	7,314
Payroll taxes and fringes	948	1,286	2,234	3,520	1,016	4,536	6,770	6,480
Total salaries and related expenses	13,764	18,680	32,444	51,125	14,748	65,873	98,317	92,501
Grants and allocations	453,768	-	453,768	-	-	-	453,768	408,179
Other community services	-	27,347	27,347	-	-	-	27,347	24,412
Professional fees	1,654	2,245	3,899	6,144	1,772	7,916	11,815	10,415
Bad debt	(565)	-	(565)	-	-	-	(565)	97
Membership dues	-	-	-	8,853	-	8,853	8,853	10,462
Occupancy	1,101	1,494	2,595	4,090	1,180	5,270	7,865	7,619
Supplies	683	927	1,610	2,539	732	3,271	4,881	6,483
Rental and maintenance of equipment	-	-	-	-	-	-	-	2,487
Insurance	255	346	601	949	273	1,222	1,823	1,995
Computer and website	621	843	1,464	2,309	666	2,975	4,439	2,152
Telephone	-	-	-	-	-	-	-	1,419
Depreciation and amortization	354	480	834	1,314	379	1,693	2,527	1,894
Miscellaneous	-	-	-	-	4,260	4,260	4,260	7,514
Postage and shipping	56	75	131	206	60	266	397	1,349
Conference and meetings	121	164	285	448	129	577	862	326
Printing and publications	403	546	949	1,496	431	1,927	2,876	480
Interest/Bank service charges	15	21	36	56	16	72	108	355
Advertising	-	-	-	8,234	-	8,234	8,234	2,091
Travel	52	71	123	195	56	251	374	1,045
State filing fee	49	67	116	181	53	234	350	100
Total expense	\$ 472,331	\$ 53,306	\$ 525,637	\$ 88,139	\$ 24,755	\$ 112,894	\$ 638,531	\$ 583,375
Expense report as reductions to revenue								
Bad Debt	565	-	565	-	-	-	565	(97)
Net functional expenses	\$ 472,896	\$ 53,306	\$ 526,202	\$ 88,139	\$ 24,755	\$ 112,894	\$ 639,096	\$ 583,278

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

Orrville United Way
Statement of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 59,163	\$ 89,751
Adjustment to reconcile changes in net assets		
To net cash provided by operating activities		
Depreciation and amortization	2,574	1,894
Allowance for uncollectible pledges	(565)	97
Donated stock	-	693
Increase (Decrease) in assets:		
Pledges receivables	9,552	14,166
(Decrease) increase in liabilities:		
Designations payable	-	-
Account payable	(1,174)	(5,567)
Other current liabilities	(796)	4,387
CASH PROVIDED BY OPERATING ACTIVITIES	68,754	105,421
 CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(3,100)	(8,817)
Website	-	(2,035)
CASH USED IN INVESTING ACTIVITIES	(3,100)	(10,852)
 Net Change in Cash	 65,654	 94,569
 CASH, beginning of year	 373,327	 278,758
CASH, end of year	\$ 438,981	\$ 373,327

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

Orrville United Way
Notes to Financial Statements
December 31, 2022 and 2021

1. Nature of Operations

Orrville United Way (“United Way”) is a tax-exempt non-profit organization governed by a volunteer Board of Directors nominated from the community. The United Way service area covers Orrville, Dalton, and Marshallville, with limited service to the Kidron area, in eastern Wayne County, Ohio, and presently allocates funds to twenty partner agencies and four local Boy, Girl and Cub Scout units (and to non-partner agencies at the request of donor).

2. Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles. A summary of the United Way’s accounting policies are as follows:

Cash, Cash Equivalents and Restricted Cash – The United Way Considers all investments and deposits with original maturities of three months or less to be cash equivalents.

The United Way maintains its cash in bank deposit accounts, which at times may exceed the federally insured limits. The United Way has not experienced any losses in such accounts. The United Way believes it is not exposed to any significant financial risk with cash. At December 31, 2022, bank balances exceeded federally insured limits by \$102,989. At December 31, 2021, bank balances exceeded federally insured limits by \$41,850.

Statement of Cash Flows - The United Way did not pay any interest or Federal or State income taxes during 2022. In accordance with ASU 2018-16, “Statement of Cash Flows”, restricted cash has been included in cash and cash equivalents in the accompanying Statement of Cash Flows.

Pledges Receivable and Revenue – Unconditional promises to give are recorded at their net realizable value. United Way uses the allowance method to determine uncollectible pledges. The allowance is determined based upon historical experience and management analysis of specific balances.

United Way recognizes revenue as a transfer of assets in accordance with ASU No. 2018-08, “Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made”, which applies to all entities whom receive or make contributions.

An annual campaign is conducted each year from approximately August through October to fund the United Way's operations and allocations and grants for various local charitable agencies. Contributions from the current year campaign are recorded when a promise to give is acknowledged and are recorded as support with or without donor restriction, depending on the existence and nature of any donor restrictions, during the current year.

All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or the purpose of restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restriction on the Statement of Activities and Changes in Net Assets. The United Way does not have any net assets with donor restriction of a permanent nature.

Contributions received with donor-imposed restrictions are recorded as without donor restrictions if the restrictions are expected to be met within the same period.

See independent accountant’s audit report.

Orrville United Way
Notes to Financial Statements
December 31, 2022 and 2021

Contributions designated by the donor for specific agencies are recognized, in accordance with FASB ASC 958 605, "Revenue Recognition", as liabilities payable to the other specified agencies rather than revenue to the United Way. These designated contributions are considered as without donor restrictions.

The United Way reports gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions.

Property, Equipment, and Depreciation – Equipment is recorded on the basis of cost or fair market value at the date of donation for donated items. Maintenance and repairs are charged to expenses as incurred. Renewals and betterments that extend the useful lives of assets beyond one year and are in excess of \$500 are capitalized. Depreciation is recognized using the straight-line method over the estimated useful lives of the related assets, ranging from 3 years to 10 years.

Depreciation expense was \$1,453 and \$1,126 for the years ended December 31, 2022 and 2021, respectively.

Compensated Absences - The United Way's policy is to recognize the cost of vacation when actually paid.

Advertising - The United Way expenses the cost of advertising when the expense occurs. Advertising expense for the years ended December 31, 2022 and 2021 was \$8,234 and \$2,091, respectively.

Comparative Financial Information - The financial statements include certain prior-year summarized information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the U.S. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2021 from which the summarized information was derived.

Income Taxes – The United Way adopted the provisions of FASB ASC 740-10 (formerly FIN 48 "Accounting for Uncertainty in Income Taxes"), which prescribes a recognized threshold and measurement attribute for the financial statement recognized and measurement of tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The amount recognized is measured as the amount of benefit that is greater than 50% likely of being realized upon ultimate settlement.

As a result of the implementation of the standard, management determined that there are no material uncertain tax positions.

As a not-for-profit organization, the United Way is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and exempt from Ohio Income taxes. Therefore, no provision or liability for income taxes has been included in the financial statements.

See independent accountant's audit report.

Orrville United Way
Notes to Financial Statements
December 31, 2022 and 2021

The United Way's federal income tax returns are subject to examination by the IRS. From time to time, United Way may be subject to interest and penalties assessed by various taxing authorities. These amounts have historically been insignificant and are classified as other expenses as other expenses as they occur.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Agency Transactions - The United Way, acting as an agent, receives cash donations from individuals and businesses that are designated to other United Way agencies.

Donated Services and In-Kind Contributions - Non-profit accounting principles require donated services that require specific expertise or enhance a non-financial asset be recorded in the financial statements at their fair market value. Many individuals have donated significant amounts of their time in support of United Way services and fundraising campaigns. No amounts have been reflected in these financial statements for these donated hours, as they did not meet the criteria for recognition.

Classification of Net Assets – The United Way has adopted ASU 2016-14, “Not-For-Profit Entities: Presentation of Financial Statements of Not-For-Profit Entities.” This requires that net assets be reported in two classes as follows:

- Net assets without restrictions represent the portion of expendable funds that are available for support of the United Way's operations or that have been designated by the Board for a particular purpose.
- Net assets with donor restrictions represent donations requiring that the amount be used for a particular memorial to be built in a particular location.

Functional Expenses - The United Way follows guidelines established by United Way of America's *Functional Expenses and Overhead Reporting Standards* for allocating costs among functional expense categories. In general, where a specific cost can be identified with a particular function, the cost is charged directly to that function. If costs cannot be identified directly with specific functional categories, those costs are allocated among functional categories based upon accepted methods of cost allocation. The expenses which are allocated are done so on the basis of estimates of time and effort. The categories for reporting functional expenses are as follows:

Program Services - Includes research aimed at identification and resolution of community problems that impact the quality of life in the community; provides information and education to the public regarding the community's most critical human needs; analyzes and reviews human service agencies and programs to ensure they are meeting the most critical community needs; evaluates programs to determine how United Way donor dollars will be invested; monitors programs to ensure accountability and measures results and outcomes. Provides leadership and serves as the facilitator to develop initiatives, which focus on causative issues.

See independent accountant's audit report.

Orrville United Way
Notes to Financial Statements
December 31, 2022 and 2021

Management and General - Includes overall direction and administration of United Way; ensures that United Way is well managed; responsible for strategic planning and overall development of the organization; has responsibility for all staff functions, including human resource management; ensures that general records are properly and accurately maintained; responsible for fiscal management, including financial statements, audits, pledge and accounts receivable management and accounts payable. Also responsible for maintaining, governing and policy making bodies of United Way through the Board of Directors.

New Accounting Pronouncements - In February 2016, FASB issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842), which amends existing accounting standards for lease accounting, requires lessees to recognize most leases on the balance sheet and making certain changes to lessor accounting. The new standard is effective for United Way for the 2022 calendar year, with early adoption permitted.

In September 2020 the FASB issued Accounting Standards Update (ASU) No. 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which provides new presentation and disclosure requirements about contributed nonfinancial assets for nonprofits, including additional disclosure rules for recognized contributed services. The amendments will not change the recognition and measurement requirements for those assets. The standard will take effect for annual periods after June 15, 2021, and interim periods within fiscal years after June 15, 2022. Retrospective application is required. Early application is permitted.

Management is currently evaluating the impact of adopting the standards on the financial statements and has not yet determined the method by which to adopt the standards.

3. Concentrations of Credit Risk

Primarily all of United Way revenues and pledges receivable are from businesses and individuals located in the greater Orrville, Ohio areas.

Contributed support from 2022 and 2021 includes contributions from one major donor. The major donor accounted for 57% and 60% of the total United Way contributed support for the years ended December 31, 2022 and 2021, respectively. Pledges receivable from this donor totaled 0% of total receivables as of December 31, 2022 and 2021.

The timing of the campaign donations each year from this donor has a significant effect on the financial statements.

4. Liquidity

The following reflects United Way financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

See independent accountant's audit report.

**Orrville United Way
Notes to Financial Statements
December 31, 2022 and 2021**

	2022	2021
Cash	\$ 438,981	\$ 373,327
Pledges Receivable, Net	58,062	67,049
	497,043	440,376
Less: contractual or donor-imposed restrictions	-	-
amount available to meet cash needs for general expenditures within one year	\$ 497,043	\$ 440,376

The United Way has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The United Way's primary source of revenue are contributions from donors. Because the United Way has an unrestricted revenue stream, the United Way anticipates it will have no difficulty maintaining sufficient resources to meet any restrictions imposed by its donors during the upcoming year.

5. Website

The cost and related accumulated amortization of the website at December 31,

	2022	2021
Website, cost	\$ 5,605	\$ 5,605
Accumulated amortization	(3,416)	(2,295)
Website, Net	\$ 2,189	\$ 3,310

Website cost are amortized using the straight-line method over five years. Amortization expense for the year ended December 31, 2022 and 2021 was \$1,121 and \$768, respectively.

6. Operating Lease

United Way had an operating lease for a copier with monthly payments of \$319 which expired in September of 2021. The total rent expense for the years 2022 and 2021 was \$0 and \$2,487, respectively

On January 1, 2022, United Way adopted Accounting Standards Update ("ASU") 2016-02, Lease Accounting. This ASU requires companies to record a right to use asset and offsetting lease liability to be recorded on the balance sheet when operating leases meet certain requirements. United Way has one non-cancellable lease agreement that qualifies for treatment under this standard.

United Way leases its office space under an operating lease agreement. In September of 2021, United Way moved to a new location in Orrville, Ohio. The lease for the new office space has monthly lease payment of \$700 and expires in August 2024. Under the terms of the lease, the annual rent was \$8,400 for the year ended December 31, 2022. United Way used a discount rate of 6.5% when calculating the present value of the minimum lease payments. At December 31, 2022, the right of use asset had a value of \$22,963 and accumulated amortization was \$9,729. The balance of the operating lease liability was \$13,234 at December 31, 2022.

See independent accountant's audit report.

Orrville United Way
Notes to Financial Statements
December 31, 2022 and 2021

The future minimum lease payments under the terms of the lease are as follows at December 31st

2023	8,400
2024	5,600
Total	<u>\$ 14,000</u>

7. Retirement Plan

United Way offers a SIMPLE IRA retirement plan to all of its employees. Employees are 100% vested upon 90 days of employment. The plan provides for contributions by United Way up to the IRS cap. In 2022 and 2021, United Way contributed \$1,180 and \$1,180, respectively.

8. Support Services

The United Way calculates its overhead ratio in accordance with standards established by the United Way of America as membership criteria. These standards provide a uniform method of calculating the overhead ratio for all United Ways and include management and general and fundraising expenses as support services.

9. Net Assets

Board designated net assets consist of the following reserve amounts at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
United Way Worldwide Customer Relations Information Management (CRIM) Database access fee	-	-
Technology	3,500	2,000
	<u>\$ 3,500</u>	<u>\$ 2,000</u>

There were no assets with donor restriction at December 31, 2022 and 2021.

10. COVID-19 Pandemic

The United States broadly continues to experience the COVID-19 pandemic, which has significantly disrupted, and likely will continue to significantly disrupt for some period, the nation's economy and the senior living industry. The extent to which the COVID-19 pandemic impacts United Way's operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic, the actions taken to contain the pandemic or mitigate its impact and the direct and indirect economic effects of the pandemic and containment measures, among others. Management cannot predict if the COVID-19 pandemic will have a material or adverse effects on United Way's financial condition, results of operations or cash flows in the future.

11. Subsequent Event

Subsequent events were evaluated through September 21, 2023, which is the date the financial statements were available to be issued.

See independent accountant's audit report.