

- **Consolidated Financial Statements**
- with Supplementary Information in Accordance
- with Governmental Auditing Standards,
- the Uniform Guidance and Other Matters

- **United Way of**
- **Central Ohio, Inc. and**
- **Subsidiary**

- March 31, 2023 and 2022



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To the Board of Trustees
United Way of Central Ohio, Inc.
Columbus, Ohio

Independent Auditor's Report

Opinion

We have audited the accompanying consolidated financial statements of United Way of Central Ohio, Inc. and Subsidiary (United Way), which comprise the consolidated statements of financial position as of March 31, 2023 and 2022, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of United Way as of March 31, 2023 and 2022, and the changes in its net assets and 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 audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of United Way 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 opinions.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 and *Government 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated June 29, 2022 on our consideration of United Way's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of United Way's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way's internal control over financial reporting and compliance.

GBQ Partners LLC

Columbus, Ohio
June 30, 2023

UNITED WAY OF CENTRAL OHIO, INC. AND SUBSIDIARY

Consolidated Statements of Financial Position

March 31, 2023 and 2022



	2023	2022
ASSETS		
Assets		
Cash and cash equivalents	\$ 12,669,632	\$ 15,260,875
Contributions receivable, net	11,566,951	11,380,228
Employee retention tax credits receivable	619,732	619,732
Investments	2,430,745	2,895,629
Other assets	1,256,012	1,138,452
Beneficial interest in assets held by foundation	4,384,582	1,465,790
Right-of-use asset - operating lease	1,100,556	-
Property and equipment, net	18,910	83,732
Property and equipment held for sale	807,266	807,266
TOTAL ASSETS	\$ 34,854,386	\$ 33,651,704
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and other miscellaneous liabilities	\$ 769,751	\$ 748,747
Grants payable for initiative programs	675,144	872,406
Funded agency allocations payable	1,850,493	1,989,181
Donor designations payable to agencies	3,659,692	4,260,319
Accrued payroll and related liabilities	541,246	267,357
Operating lease liability	1,134,690	-
Capital lease obligations	-	10,318
Funds held for others	1,671,249	644,977
Total liabilities	10,302,265	8,793,305
Net Assets		
Without donor restrictions	22,930,788	24,456,814
With donor restrictions	1,621,333	401,585
Total net assets	24,552,121	24,858,399
TOTAL LIABILITIES AND NET ASSETS	\$ 34,854,386	\$ 33,651,704

The accompanying notes are an integral part of the consolidated financial statements.

UNITED WAY OF CENTRAL OHIO, INC. AND SUBSIDIARY

Consolidated Statements of Activities and Changes in Net Assets

For the Year Ended March 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Campaign revenues:			
Campaign contributions, current period	\$ 11,528,364	\$ 6,379,565	\$ 17,907,929
Grants for initiatives received through the campaign	-	4,475,902	4,475,902
Other campaign contributions	309,125	-	309,125
Campaign resources raised in the current year - gross	11,837,489	10,855,467	22,692,956
Less: donor designations, funded agencies and initiatives	-	(2,152,035)	(2,152,035)
Less: donor designations, other agencies	-	(4,955,478)	(4,955,478)
Less: estimated uncollectible pledges	(538,885)	-	(538,885)
Campaign revenues - net	11,298,604	3,747,954	15,046,558
Other revenues:			
Special initiative program funding	-	714,674	714,674
Contributions from other United Ways	30,789	-	30,789
Interest and investment gain	404,037	-	404,037
Donor designation processing fee	558,384	-	558,384
Sponsorships and other	462,968	-	462,968
Total other revenues	1,456,178	714,674	2,170,852
Total revenues before releases from restriction	12,754,782	4,462,628	17,217,410
Net assets released from restriction	3,242,880	(3,242,880)	-
Total revenues	15,997,662	1,219,748	17,217,410
Expenses			
Grants and allocations	13,760,875	-	13,760,875
Less: allocations funded through designations	(6,454,242)	-	(6,454,242)
Net grants and allocations	7,306,633	-	7,306,633
Support services:			
Management and general	2,323,382	-	2,323,382
Resource development and fundraising	1,793,759	-	1,793,759
Program services:			
Community impact	1,171,515	-	1,171,515
Initiative program services	4,928,399	-	4,928,399
Total functional expenses	10,217,055	-	10,217,055
Total expenses	17,523,688	-	17,523,688
Change in Net Assets	(1,526,026)	1,219,748	(306,278)
Net Assets - Beginning of Year	24,456,814	401,585	24,858,399
Net Assets - End of Year	\$ 22,930,788	\$ 1,621,333	\$ 24,552,121

The accompanying notes are an integral part of the consolidated financial statements.

UNITED WAY OF CENTRAL OHIO, INC. AND SUBSIDIARY

Consolidated Statements of Activities and Changes in Net Assets

For the Year Ended March 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Campaign revenues:			
Campaign contributions, current period	\$ 12,794,209	\$ 7,074,240	\$ 19,868,449
Grants for initiatives received through the campaign	-	3,707,467	3,707,467
Other campaign contributions	580,267	-	580,267
Campaign resources raised in the current year - gross	13,374,476	10,781,707	24,156,183
Less: donor designations, funded agencies and initiatives	-	(2,496,438)	(2,496,438)
Less: donor designations, other agencies	-	(5,490,302)	(5,490,302)
Less: estimated uncollectible pledges	(687,778)	-	(687,778)
Campaign revenues - net	12,686,698	2,794,967	15,481,665
Other revenues:			
Special initiative program funding	-	750,930	750,930
Contributions from other United Ways	48,016	-	48,016
Interest and investment gain	290,107	-	290,107
Donor designation processing fee	638,163	-	638,163
Sponsorships and other	1,117,557	-	1,117,557
Total other revenues	2,093,843	750,930	2,844,773
Total revenues before releases from restriction	14,780,541	3,545,897	18,326,438
Net assets released from restriction	3,144,312	(3,144,312)	-
Total revenues	17,924,853	401,585	18,326,438
Expenses			
Grants and allocations	15,501,524	-	15,501,524
Less: allocations funded through designations	(7,227,041)	-	(7,227,041)
Net grants and allocations	8,274,483	-	8,274,483
Support services:			
Management and general	2,272,704	-	2,272,704
Resource development and fundraising	2,000,928	-	2,000,928
Program services:			
Community impact	935,516	-	935,516
Community services	102,460	-	102,460
Initiative program services	4,281,925	-	4,281,925
Total functional expenses	9,593,533	-	9,593,533
Total expenses	17,868,016	-	17,868,016
Employee Retention Tax Credits	619,732	-	619,732
Gain on Forgiveness of PPP Loan	1,022,617	-	1,022,617
Change in Net Assets	1,699,186	401,585	2,100,771
Net Assets - Beginning of Year	22,757,628	-	22,757,628
Net Assets - End of Year	\$ 24,456,814	\$ 401,585	\$ 24,858,399

The accompanying notes are an integral part of the consolidated financial statements.

UNITED WAY OF CENTRAL OHIO, INC. AND SUBSIDIARY

Consolidated Statements of Functional Expenses

For the Year Ended March 31, 2023

	Support Services		Program Services		
	Management and General	Resource Development and Fundraising	Community Impact	Initiative Program Services (a)	Total
Salaries and Related Expenses					
Salaries	\$ 1,201,607	\$ 1,219,051	\$ 767,347	\$ 688,027	\$ 3,876,032
Employee benefits and related taxes	349,668	256,664	165,424	131,291	903,047
	1,551,275	1,475,715	932,771	819,318	4,779,079
Expenses					
Professional fees	441,710	50,153	99,420	102,148	693,431
Program grants and contracted agencies	-	-	-	3,737,163	3,737,163
Advertising and marketing	77,932	1,078	5,247	-	84,257
Office supplies, printing and postage	30,568	44,602	25,713	68,275	169,158
Occupancy, insurance and telephone	99,266	89,169	58,310	38,126	284,871
Special events	730	739	-	4,470	5,939
Travel and conferences	22,999	13,797	4,322	26,772	67,890
Miscellaneous	13,555	53,742	2,993	3,710	74,000
	686,760	253,280	196,005	3,980,664	5,116,709
Total Expenses before Depreciation and Amortization and Dues to United Way Worldwide	2,238,035	1,728,995	1,128,776	4,799,982	9,895,788
Depreciation and Amortization	21,763	16,433	9,970	32,997	81,163
Dues to United Way Worldwide	63,584	48,331	32,769	95,420	240,104
Total Functional Expenses	2,323,382	1,793,759	1,171,515	4,928,399	10,217,055
Net Grants and Allocations Expenses	-	-	-	7,306,633	7,306,633
Total Expenses	<u>\$ 2,323,382</u>	<u>\$ 1,793,759</u>	<u>\$ 1,171,515</u>	<u>\$ 12,235,032</u>	<u>\$ 17,523,688</u>

(a) Initiative Program Services includes Success by Third Grade, Tax Time, Stable Families, Volunteerism, African American Leadership Academy and Project Diversity/Pride Leadership.

The accompanying notes are an integral part of the consolidated financial statements.

UNITED WAY OF CENTRAL OHIO, INC. AND SUBSIDIARY

Consolidated Statements of Functional Expenses

For the Year Ended March 31, 2022



	Support Services		Program Services			
	Management and General	Resource Development and Fundraising	Community Impact	Community Services	Initiative Program Services (a)	Total
Salaries and Related Expenses						
Salaries	\$ 1,086,952	\$ 1,194,224	\$ 586,369	\$ 70,670	\$ 395,912	\$ 3,334,127
Employee benefits and related taxes	313,976	254,399	170,459	15,805	87,049	841,688
	<u>1,400,928</u>	<u>1,448,623</u>	<u>756,828</u>	<u>86,475</u>	<u>482,961</u>	<u>4,175,815</u>
Expenses						
Professional fees	466,789	278,035	74,068	3,168	63,694	885,754
Program grants and contracted agencies	-	-	-	-	3,478,840	3,478,840
Advertising and marketing	46,577	12,695	60	-	8,536	67,868
Office supplies, printing and postage	10,589	38,252	627	563	15,925	65,956
Occupancy, insurance and telephone	160,650	75,479	33,697	5,657	29,087	304,570
Special events	305	1,179	-	-	14,281	15,765
Travel and conferences	8,267	4,343	842	-	3,416	16,868
Miscellaneous	32,197	13,638	9,163	-	5,644	60,642
	<u>725,374</u>	<u>423,621</u>	<u>118,457</u>	<u>9,388</u>	<u>3,619,423</u>	<u>4,896,263</u>
Total Expenses before Depreciation and Amortization and Dues to United Way Worldwide	2,126,302	1,872,244	875,285	95,863	4,102,384	9,072,078
Depreciation and Amortization	36,099	31,677	14,910	1,633	43,577	127,896
Dues to United Way Worldwide	<u>110,303</u>	<u>97,007</u>	<u>45,321</u>	<u>4,964</u>	<u>135,964</u>	<u>393,559</u>
Total Functional Expenses	2,272,704	2,000,928	935,516	102,460	4,281,925	9,593,533
Net Grants and Allocations Expenses	-	-	-	-	8,274,483	8,274,483
Total Expenses	<u>\$ 2,272,704</u>	<u>\$ 2,000,928</u>	<u>\$ 935,516</u>	<u>\$ 102,460</u>	<u>\$ 12,556,408</u>	<u>\$ 17,868,016</u>

(a) Initiative Program Services includes Success by Third Grade, Tax Time, Stable Families, Volunteerism, African American Leadership Academy and Project Diversity/Pride Leadership.

The accompanying notes are an integral part of the consolidated financial statements.

UNITED WAY OF CENTRAL OHIO, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

For the Years Ended March 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$(306,278)	\$ 2,100,771
Adjustments to reconcile change in net assets to net cash and cash equivalents (used in) provided by operating activities:		
Uncollectible pledge expense	538,885	687,778
Depreciation and amortization	81,163	127,896
Net investment gain on funds held by foundation	81,208	(27,385)
Gain on short-term investments	(35,116)	-
Gain on forgiveness of PPP loans	-	(1,022,617)
(Increase) decrease in assets:		
Contributions receivable	(725,608)	1,357,331
Employee retention tax credits receivable	-	(619,732)
Other assets	(117,560)	(55,997)
Operating lease right-of-use asset	(1,100,556)	-
(Decrease) increase in liabilities:		
Accounts payable and other miscellaneous liabilities	21,004	61,266
Grants payable for initiative programs	(197,262)	40,789
Funded agency allocations payable	(138,688)	1,714,127
Donor designations payable to agencies	(600,627)	(685,317)
Accrued payroll and related liabilities	273,889	36,600
Funds held for others	1,026,272	(186,051)
Operating lease liability	1,134,690	-
Total adjustments	241,694	1,428,688
Net cash and cash equivalents (used in) provided by operating activities	(64,584)	3,529,459
Cash Flows from Investing Activities		
Investment into funds held by foundation	(3,000,000)	-
Maturities of short-term investments	500,000	3,270
Payments for the purchase of property and equipment	(16,341)	(1,700)
Net cash and cash equivalents (used in) provided by investing activities	(2,516,341)	1,570
Cash Flows from Financing Activities		
Net payments on capital lease obligations	(10,318)	(41,560)
(Decrease) increase in cash and cash equivalents	(2,591,243)	3,489,469
Cash and Cash Equivalents – Beginning of Year	15,260,875	11,771,406
Cash and Cash Equivalents – End of Year	\$ 12,669,632	\$ 15,260,875

The accompanying notes are an integral part of the consolidated financial statements.

UNITED WAY OF CENTRAL OHIO, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2023 and 2022

Nature and Scope of Business

United Way of Central Ohio, Inc. (United Way or the Organization) is a not-for-profit, federated fund-raising organization, exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Effective January 1, 2021, United Way assumed the services of United Way of Union County, Inc. to expand the service area of United Way of Central Ohio, Inc. and to increase the capacity of United Way of Union County, Inc. to raise funds and meet philanthropic challenges.

United Way's mission statement is to improve lives of others by mobilizing the caring power of our community. United Way is dedicated to providing opportunities for people to succeed by acting as a catalyst for lasting improvements and by mobilizing our community to give and volunteer. United Way raises funds and invests in a wide network of funded partners who are working with families every day to provide food, stable housing, high-quality education and safe neighborhoods. United Way brings together more than 40,000 donors and volunteers to improve the policies and systems that directly affect thousands of lives, and develops and implements innovative and integrated ways to reduce poverty. United Way works intensively in priority neighborhoods to create broad positive changes by empowering neighborhood leaders and residents to change the places they live. United Way is dedicated to making the principles of diversity and inclusion a foundation for this work because the best decisions are made when all voices are heard and respected.

United Way is a volunteer-driven organization, governed by a volunteer Board of Trustees. United Way's fundraising efforts are conducted in Franklin County, Ohio and Union County, Ohio, however services are provided in the broader Central Ohio region.

Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the financial statements of United Way of Central Ohio, Inc. and its wholly owned subsidiary United Way of Union County, Inc. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Accordingly, actual results could differ from those estimates.

UNITED WAY OF CENTRAL OHIO, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2023 and 2022

Summary of Significant Accounting Policies (continued)

Financial Statement Presentation

United Way reports information regarding its financial position and activities according to two classes of net assets as follows:

- Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and are available for use in United Way’s ongoing operations, including funds designated by the Board of Trustees.
- Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions that either expire by passage of time, can be fulfilled and removed by action of United Way pursuant to those restrictions, and/or upon receipt of funding or passage of date upon which funds were due.

Cash and Cash Equivalents

For the purpose of reporting cash flows, cash and cash equivalents consist of cash on hand, cash maintained in interest bearing and non-interest bearing checking accounts, money market funds and certificates of deposit with original maturities of three months or less.

Contributions Receivable and Revenues

Contributions receivable are promises to give from various donors that are considered unconditional. Contributions receivable primarily consist of pledges made during annual giving campaign appeals, and are presented net of the allowance for doubtful accounts. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

Contributions receivable are considered past due when the pledge payment period has passed. An allowance is recorded for each campaign year based on management’s evaluation of outstanding pledges. This estimation takes into consideration current economic factors applied to the gross campaign, historical trends and past history with specific funding sources. Actual results could vary from the estimate. Once the likelihood of collecting receivables is determined to be remote, management writes off the specific account balance and relieves any related allowance.

Unconditional contributions are recognized as revenue in the year the commitment or payment is first received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – not recognized until the conditions on which they depend have been met. At March 31, 2023, contributions approximating \$1,013,000 have not been recognized in the accompanying consolidated statement of activities and changes in net assets because of the condition(s) on which they depend has not been met. The \$1,013,000 remaining conditional contributions are conditioned on qualifying expenditures being incurred on cost-reimbursement grants.

UNITED WAY OF CENTRAL OHIO, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2023 and 2022

Summary of Significant Accounting Policies (continued)

Contributions Receivable and Revenues (continued)

Contributions of assets other than cash are recorded at estimated fair value at the date of receipt.

Significant revenue funding is reported on the statements of activities as follows:

Campaign Contributions, Current Period

Campaign contributions include the annual campaign directed at corporations, individuals, employers/employees of for-profit, non-profit and governmental entities, as well as public and private foundations.

The core campaign is conducted each fall, and a majority of the pledges are received prior to December 31. All payments are typically expected by December 31 of the following year. Designations to specific not-for-profit organizations other than United Way are deducted from campaign resources raised during the current year campaign. Similarly, the grant and allocation expense is reduced by donor designations. Processing fees to record and distribute designations are recorded in unrestricted other revenues.

For the remaining campaign pledges and other donor designations, there are various payment options but payment generally occurs on a monthly or quarterly basis during the calendar year.

Grants for Initiatives Received Through the Campaign

Grants include specially promoted initiatives developed by United Way for which specific targeted donor solicitation occurs during the annual campaign period. Grants are funded by corporations, governmental agencies and foundations.

Grant funding is originally recorded as donor restricted contribution revenue in the month that the promise to give is received, provided that the contribution is unconditional. Management then monitors the progress of the grant related project to ensure that the identified initiatives are completely performed pursuant to the terms of the grant, as well as to ensure that direct, and in certain cases, applicable indirect allocated costs are incurred. To the extent that the applicable performance and incurred costs are fulfilled, management releases the contribution revenue from net assets with donor restrictions to net assets without donor restrictions.

Other Campaign Contributions

Other campaign contributions include collections in excess of the original uncollectible allowance estimate from prior campaigns.

UNITED WAY OF CENTRAL OHIO, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2023 and 2022



Summary of Significant Accounting Policies (continued)

Contributions Receivable and Revenues (continued)

Special Initiative Program Funding

Funding includes other United Way initiatives and programs for which funding is solicited as part of the annual campaign process where donors have specifically designated their contribution for the initiative. United Way records the revenue initially through campaign contributions, records a contra-revenue to donor designations – affiliate agencies and initiatives, and then re-records the revenue to special initiative program funding.

This initiative funding is originally recorded as donor restricted contribution revenue in the month that the promise to give is received. Management then monitors the progress of the related initiative to ensure that applicable direct and allocated indirect costs are incurred. Management releases the contribution revenue from donor restricted net assets to net assets without donor restrictions in the month that sufficient costs are incurred. As of March 31 of each fiscal year end, typically 100% of the initiative funding is released from net assets with donor restrictions. This accounting occurs regardless of whether the donor is making payments over a period of time extending into the subsequent fiscal year, as management believes that the donor intended the funding to be applicable for the same fiscal year in which the promise to give is made.

Donor Designation Processing Fee

Donor designation processing fee includes public sector campaign administrative fees associated with United Way's role as the campaign coordinating organization and cost recovery fees assessed on private sector campaign donor designated pledges for fundraising and management and general expenses, based on actual historical costs, in accordance with United Way Worldwide Membership Requirements. The current total cost recovery fee is ten percent.

Sponsorships and Other Revenue

Sponsorships and other revenue typically include general unrestricted contributions, gifts and bequests, sponsorship funding and attendance fees for special events, as well as funding from endowments established at The Columbus Foundation for which the United Way does not have variance power.

Fair Value Measurements

U.S. GAAP established a fair value hierarchy that prioritizes the inputs to measure the fair value of the assets or liabilities being measured. Fair value is defined as the exchange value that would be received on the measurement date to sell an asset or to value the amount paid to transfer a liability in the principal or most advantageous market available to the entity in an orderly transaction between market participants. The three levels of the fair value hierarchy are as follows:

UNITED WAY OF CENTRAL OHIO, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2023 and 2022

Summary of Significant Accounting Policies (continued)

Fair Value Measurements (continued)

- Level 1 Inputs are unadjusted quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date. Level 1 inputs provide the most reliable measure of fair value as of the measurement date.
- Level 2 Inputs are based on significant observable inputs, including unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active or inputs other than quoted prices that are observable for the asset or liability.
- Level 3 Inputs are significant unobservable inputs for the asset or liability.

The level of the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Short-Term Investments

Certificates of deposit are valued at cost plus accrued interest. US Treasury Bills are valued using quoted market prices for identical investments in active markets. Bankers' acceptances and other short-term investments are valued on an amortized cost basis.

Realized and unrealized gains and losses are included in the change in net assets without donor restrictions in the accompanying statements of activities and changes in net assets unless the donor has restricted earnings. If restricted earnings have restrictions met in the same year, those earnings are released from restrictions. Investments are exposed to various risks such as interest rate, market and credit risks. Accordingly, it is at least reasonably possible that changes in the value of investments may occur in the near term, which could be material.

Property and Equipment

Property and equipment are recorded at cost, less accumulated depreciation or amortization. Depreciation or amortization is computed using the straight-line method over the assets' estimated useful lives of 3 to 40 years. Major improvements and betterments are capitalized and depreciated or amortized. Maintenance and repairs that do not improve or extend the estimated useful lives of the respective assets are charged to expense as incurred. The carrying amounts of assets sold, retired or otherwise disposed and the related accumulated depreciation or amortization are eliminated from the accounts and any resulting gain or loss is included in the statements of activities. Property and equipment is classified as held for sale in the period in which all of the held for sale criteria are met. Property and equipment listed as held for sale is recorded at the lower of carrying value or fair value less costs to sell and is not depreciated.

UNITED WAY OF CENTRAL OHIO, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2023 and 2022



Summary of Significant Accounting Policies (continued)

Impairment of Assets

The carrying value of long-lived assets is reviewed for impairment at least annually, or whenever events or changes in circumstances indicate the amount of the assets may not be recoverable. When an indication of impairment is present and the undiscounted cash flows estimated to be generated by the related assets are less than the assets' carrying amount, an impairment loss will be recorded based on the difference between the carrying amount of the assets and their estimated fair value. Management determined that no impairment existed as of March 31, 2023 or 2022.

Donated Services

In-kind contributions of materials, property or equipment are recorded as contributions at the estimated fair value on the date of receipt. Contributions of services that enhance non-financial assets or require specialized skills, and are provided by individuals possessing those skills, are recorded as contributions at the estimated fair value of the service received. United Way makes extensive use of volunteers in conducting its campaign and various program activities. Such services are not reflected in the consolidated financial statements, as those services do not meet this definition.

United Way Worldwide (UWW) maintains relationships with the National Football League (NFL), the Ad Council, and other organizations on behalf of local United Ways. UWW underwrites the cost to produce Public Service Announcements (PSAs) that promote education, financial stability, and healthy living that features individuals who are involved in various local United Way community volunteer activities. The NFL, the Ad Council, and other organizations furnish the media space (television and radio airtime, newspaper and magazine print space, billboards, etc.) throughout the year at no cost to United Way. Management has elected to disclose an allocation of airtime based upon a multiplication factor of annual dues. This factor is provided to local United Ways by UWW before March 31st of each year, for application to the prior year's accounting. The allocated value of the donated media was estimated to be approximately \$39,000 and \$145,000 for the calendar years ended December 31, 2022 and 2021, respectively. United Way of Central Ohio has not reflected this in-kind donation in the consolidated financial statements because Columbus does not have a local NFL team.

UNITED WAY OF CENTRAL OHIO, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2023 and 2022



Summary of Significant Accounting Policies (continued)

Agency Transactions

United Way receives resources in certain transactions where it is acting as an intermediary for the resource providers. The resources are then delivered to third-party recipients and service providers. Accordingly, these transactions are recognized as changes in assets and liabilities and do not affect the consolidated statement of activities and changes in net assets. Agency liabilities are classified on the consolidated statement of financial position as “funds held for others.” United Way had agency relationships with the following:

- Racial Equity Partnership
- Justice Vault
- George Meany Banquet
- LBrands Volunteer Account
- Give Back Hack
- OCRC Hall of Fame
- Innovation Catalyst
- Stuff the Backpack
- Boys and Young Men of Color
- SASA Enterprises
- Columbus Urban Public Policy Academy
- Rise Together

Functional Expenses

The consolidated financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of United Way. Those expenses include employee salaries and benefits and facility expenditures. Salaries and benefits are allocated based on estimates of time and effort utilized. Facility expenditures are allocated based on full-time equivalency (FTE) assigned to each function.

COVID-19 Government Assistance Accounting Policies

Currently, there is no authoritative guidance under U.S. GAAP that addresses accounting and reporting for forgivable debt or assistance not in the form of an income tax credit from a government entity. Accordingly, management has elected to recognize forgivable debt received from a government entity (Paycheck Protection Program Loan) as debt until debt extinguishment occurs when the Organization is legally released from being the obligor. Upon legal release as obligor, the Organization recognized the forgiven amount as income in the statements of activities and changes in net assets. As it relates to certain payroll-related tax credits (Employee Retention Credits), management has elected to analogize to International Accounting Standards 20, *Accounting for Government Grants and Disclosure of Government Assistance*, which states that such credits are treated as a government grant when there is reasonable assurance that the entity will meet the terms of the credits and such credits will be received. Accordingly, the Organization presents assistance from government entities in the form of such tax credits within employee retention tax credits receivable in the accompanying balance sheet and within other income in the statement of activities and changes in net assets when it is probable that the Organization has complied with all the conditions to receive the credit.

UNITED WAY OF CENTRAL OHIO, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2023 and 2022

Summary of Significant Accounting Policies (continued)

Leases

Pursuant to U.S. GAAP, a contract contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed. Leases with an initial term of 12 months or less are not recorded within the accompanying consolidated statements of financial position.

Operating leases are included in operating lease right-of-use assets and operating lease liabilities within the Organization's accompanying consolidated statements of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate when it is readily determinable. If the Organization's leases do not provide an implicit rate, the Organization elected the practical expedient to utilize the risk-free rate to determine the present value of lease payments. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option.

The Organization has lease agreements with lease and non-lease components, however the Organization has elected the practical expedient to account for the lease and non-lease components as a single lease.

Advertising

Advertising costs are expensed as incurred. Advertising expense was approximately \$51,000 and \$52,000 for the years ended March 31, 2023 and 2022, respectively.

Income Taxes

United Way is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provisions for federal, state or local taxes are included in the consolidated financial statements. United Way is also exempt from real estate taxes.

United Way performs an annual assessment for any uncertainty in income tax positions which includes an analysis of whether there are any tax positions taken with regard to unrelated business income, related deductions applied, or other activities that may jeopardize their tax exempt status and thus would meet the definition of an uncertain tax position. No tax liability accrual was recorded as of the years ended March 31, 2023 or 2022 relating to material uncertain positions taken, as management believes there are none.

UNITED WAY OF CENTRAL OHIO, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2023 and 2022

Summary of Significant Accounting Policies (continued)

Cost Deduction Standards

The United Way Worldwide Membership Requirement M – Cost Deduction Requirements (“Requirement M”) sets forth uniform standards for local United Ways to calculate the maximum amount of fundraising and management and general expenses to deduct from donor pledges. United Way complies with the guidelines as outlined in Requirement M.

Recent Accounting Pronouncements

Effective April 1, 2022, the Organization adopted the provisions and disclosure requirements described in ASC Topic 842, Leases. ASC 842 requires the recognition of lease assets and lease liabilities by lessees for most leases, unless the lease has a term of 12 months or less. ASC 842 also changed certain guidance of lessee accounting, lessor accounting, leveraged leases, sale and leaseback transactions and required disclosures.

The Organization adopted the standard using the modified retrospective method. Accordingly, the reporting periods beginning after March 31, 2022 are presented under ASC 842, while prior period amounts are not adjusted and continue to be reported under the accounting standards in effect during those periods.

In connection with the adoption of ASC 842, the Organization elected transition-related practical expedients as accounting policies which allowed it to not reassess, as of the adoption date, (1) whether any expired or existing contracts are or contain leases, (2) the classification of any expired or existing leases, and (3) if previously capitalized initial direct costs qualify for capitalization under ASC 842.

In June 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This standard sets forth a current expected credit loss (CECL) model, which requires the Organization to measure all expected credit losses for financial assets (or a group of financial assets) held at the reporting date based on historical experience, current conditions, and reasonable supportable forecasts. The standard replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost, such as accounts receivable and related reserves. The new standard is effective for annual periods beginning after December 15, 2022. Management is currently evaluating the potential impact of the new pronouncement on the Organization’s consolidated financial statements.

Cash and Cash Equivalents

United Way maintains its cash and cash equivalents in financial institutions, which at times may exceed federally insured limits.

Cash held for agency contracts includes \$148,216 and \$398,725 for funds required to be maintained in separate bank accounts for the State of Ohio Combined Charitable Campaign as of March 31, 2023 and 2022, respectively.

UNITED WAY OF CENTRAL OHIO, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2023 and 2022

Contributions Receivable

Contributions receivable consist of the following at March 31:

	2023	2022
Gross contributions receivable - 2023 campaign	\$ 187,052	\$ -
Allowance for estimated uncollectible accounts	-	-
Net 2023 campaign contributions receivable	187,052	-
Gross contributions receivable - 2022 campaign	12,084,980	-
Allowance for estimated uncollectible accounts	(761,287)	-
Net 2022 campaign contributions receivable	11,323,693	-
Gross contributions receivable - 2021 campaign	56,206	12,299,515
Allowance for estimated uncollectible accounts	-	(956,354)
Net 2021 campaign contributions receivable	56,206	11,343,161
Gross contributions receivable - 2020 campaign	-	780,102
Allowance for estimated uncollectible accounts	-	(743,035)
Net 2020 campaign contributions receivable	-	37,067
Total net contributions receivable	\$ 11,566,951	\$ 11,380,228

The contributions receivable are due primarily within one year.

Employee Retention Tax Credits

The CARES Act allows for a refundable Employee Retention Credit (ERC) to eligible employers equal to 50% of qualified wages paid to employees from March 13, 2020 to December 31, 2020, capped at \$10,000 per employee. Subsequently, the Consolidated Appropriations Act of 2021 (CAA), the American Rescue Plan Act of 2021 (ARPA) and the Infrastructure Investment and Jobs Act of 2021 were passed, which expanded the ERC by increasing the credit to 70% of qualified wages paid from January 1, 2021 through September 30, 2021, capped at \$10,000 per employee per quarter. For the fiscal year ended March 31, 2022, the Company recognized \$619,732 in ERC, which is presented within other income in the accompanying statement of activities and changes in net assets. As of March 31, 2023 and 2022, \$619,732 had not been received and is presented within employee retention tax credits receivable in the accompanying statements of financial position. No ERC amounts were recognized during the year ended March 31, 2023.

UNITED WAY OF CENTRAL OHIO, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2023 and 2022

Short-Term Investments

The following is a summary of investments as of March 31:

	2023	2022
Government bonds	\$ 1,308,720	\$ -
Certificates of deposit	-	1,296,785
Bankers acceptances	787,157	804,762
Commercial paper	-	498,578
US Treasury Bills	259,094	255,672
Other	75,774	39,832
Total brokerage funds	\$ 2,430,745	\$ 2,895,629

United Way has certificates of deposit, bankers' acceptances and commercial paper with initial maturities greater than three months. These investments are readily convertible to cash, but may be subject to a penalty upon conversion and are valued at amortized cost. US Treasury Bills are valued using quoted prices for identical investments in active markets and are considered to be level 1 investments. Government bonds are valued using a discounted cash flow approach and are considered to be level 2 investments.

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

Life Insurance Investment/Supplemental Executive Retirement Plan

United Way is the sole beneficiary of a life insurance policy on the life of the former CEO that is being utilized as an investment vehicle. The policy has a face value of \$1,462,500 and premium payments are no longer required. The accumulated cash surrender value is approximately \$1,068,000 and \$1,030,000 as of March 31, 2023 and 2022, respectively, and is included in other assets on the statements of financial position.

Beneficial Interest in Assets Held by Foundation

In 2002, United Way established an account at The Columbus Foundation for quasi-endowment purposes and designated itself the beneficiary. Accordingly, the fair value of the fund is recorded as the asset "Beneficial Interest in Assets Held by Foundation" on the statements of financial position. The fair value was \$4,204,768 and \$1,276,224 as of March 31, 2023 and 2022, respectively. Investment income is distributed to United Way semi-annually and was approximately \$63,000 and \$66,000 for the years ended March 31, 2023 and 2022, respectively. Investment (loss) income, including realized and unrealized gains and losses net of fees, was approximately a loss of \$8,000 and gain of \$81,000 for the years ended March 31, 2023 and 2022, respectively.

UNITED WAY OF CENTRAL OHIO, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2023 and 2022

Beneficial Interest in Assets Held by Foundation (continued)

In addition, several endowment funds are maintained at The Columbus Foundation for the benefit of United Way. These funds represent endowment funds of The Columbus Foundation established by third-party donors. They are subject to the variance power of the Columbus Foundation's governing body and are therefore excluded from United Way's consolidated financial statements. United Way's interest in the fair value of these funds was approximately \$6,756,000 and \$7,460,000 at March 31, 2023 and 2022, respectively. Investment income is distributed to the United Way semi-annually and was approximately \$177,000 and \$166,000 for the years ended March 31, 2023 and 2022, respectively.

United Way of Union County, Inc. has also established an account for their benefit at The Union County Foundation for quasi-endowment purposes and designated itself the beneficiary. Accordingly, the fair value of the fund is recorded as the asset "Beneficial Interest in Assets Held by Foundation" on the statements of financial position. The fair value was \$179,814 and \$189,566 as of March 31, 2023 and 2022, respectively.

The fair value of the beneficial interests is based on units of the master investment pool applicable to United Way's pro-rata portion and represented to be based on quoted active market prices; however, funds held by a community foundation under the arrangement described above are all considered to be within Level 2 of the fair value hierarchy.

Property and Equipment

The following is a summary of property and equipment, at cost, as of March 31:

	2023	2022
Furniture and equipment	\$ 99,263	\$ 404,434
Computer software	10,400	10,400
	109,663	414,834
Total cost	109,663	414,834
Less: accumulated depreciation and amortization	(90,753)	(331,102)
Property and equipment, net	\$ 18,910	\$ 83,732

UNITED WAY OF CENTRAL OHIO, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2023 and 2022

Leases

The Organization has an operating lease for its corporate office which is leased from an unrelated party. This lease commenced January 1, 2023 and requires monthly payments of rent through the maturity date in December 2032 and allows for two five-year renewal periods at the option of the Organization. Additionally, the lease included a rent holiday where no rental payments are due from the commencement date through June 30, 2023. Total operating lease expense was \$34,134 for the year ended March 31, 2023. There was no operating lease expense during the year ended March 31, 2022.

The maturities of lease liabilities as of March 31, 2023 were as follows:

2024	\$ 103,134
2025	138,772
2026	140,159
2027	141,561
2028	142,977
Thereafter	698,769
Total undiscounted cash flows	1,365,372
Less: present value discount	(230,682)
Total lease liabilities	\$ 1,134,690

The following summarizes additional information related to leases for the year ended March 31, 2023:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ -
ROU assets obtained in exchange for new operating lease liabilities	1,124,006
Weighted-average remaining lease term in years for operating leases	9.75
Weighted-average discount rate for operating leases	3.79%

Property Held for Sale

In October 2021, the Board of Directors of United Way approved a plan to sell the land and building owned by the Organization. The sale of this property is intended to provide additional operating funds that would be used to generate future income to the Organization and help facilitate the funding of current initiatives. The land and building is expected to be sold during the year ended March 31, 2024 and the total proceeds from sale are expected to be greater than the carrying value of \$807,266 as of March 31, 2023 and 2022. As a result, no impairment losses were recorded at the time this property met the held-for-sale designation.

UNITED WAY OF CENTRAL OHIO, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2023 and 2022



Note Payable - Line of Credit

United Way has an unsecured revolving line of credit agreement with a bank in the amount of \$1,000,000. This line matures in September 2023. Interest is payable monthly at the bank's prime commercial rate (8.00% and 3.50% at March 31, 2023 and 2022, respectively), with all principal due at maturity. There was no outstanding balance on this obligation as of March 31, 2023 or 2022. No draws were made on the line since inception, and accordingly no interest has been incurred.

Paycheck Protection Program Loans

In December 2020, the Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act (Economic Aid Act) was signed into law, which allows for a second draw of loans under the Paycheck Protection Program. In February 2021, the Organization was approved for a term note in the amount of \$997,317. The term note charged interest at a fixed rate of 1% with monthly payments of \$21,204, inclusive of interest, beginning in December 2021 through February 2026. Under the terms of the loan, up to 100% of the loan (and related interest) may be forgiven if the proceeds are used for covered expenses and certain other requirements are met.

The Organization has applied for forgiveness and received notification of formal forgiveness in December 2021. The forgiveness income has been recorded as other income in the accompanying consolidated statement of activities and changes in net assets and total \$997,317 for the year ended March 31, 2022.

The U.S. Small Business Administration (SBA) may undertake a review of a loan of any size during the six-year period following forgiveness or repayment of the loan. The review may include the loan forgiveness application, as well as whether the Organization met the eligibility requirements of the program and received the proper loan amount. The timing and outcome of any SBA review is not known.

Funded Agency Allocations Payable

Funded agency allocations payable represents program funding amounts due to United Way funded agencies as approved and committed, but not yet paid, as of March 31. Funded agencies receiving program funding from United Way undergo intensive staff and volunteer pre-screening before being awarded funding. Available funds for funded agency and initiative program funding are determined by the amount of designated gifts and the allocation of undesignated contributions after allowing for anticipated uncollectible pledges and operating costs.

Donor Designations Payable to Agencies

Donor designations payable to agencies represents donor contributions directed to agencies and other United Ways accrued, but not yet paid, as of March 31. Donor designations payable to agencies are recorded net of associated cost recovery fees.

UNITED WAY OF CENTRAL OHIO, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2023 and 2022

Capital Lease Obligations

United Way previously had various equipment leases accounted for as capital leases. Monthly payments totaled \$3,731 plus quarterly payments of \$1,064. Interest rates ranged from 5.94% to 7.13% for the leases. The lease terms ended during the year ended March 31, 2023 and the associated equipment was disposed of.

Following is a summary of property held under capital lease and included in property and equipment as of March 31, 2022:

Equipment	\$ 178,475
Less: accumulated depreciation	(133,610)
	<u>\$ 44,865</u>

Depreciation expense on equipment held under capital lease is included in depreciation and amortization expense on the consolidated statements of functional expenses.

Net Assets without Donor Restrictions

The Board of Trustees designated certain funds to be used for programs that are designed to promote the mission of United Way which are included in net assets without donor restrictions.

Net assets without donor restrictions designated by the Board of Trustees for special purposes are as follows as of March 31:

	2023	2022
Board designated funds:		
Impact council and strategic initiatives	\$ 1,267,501	\$ 1,798,653
Operating reserve	4,025,328	4,025,328
Quasi endowment with Columbus Foundation	4,204,768	1,276,224
United Way of Union County net assets	1,032,905	851,575
Subtotal of Board designated funds	<u>10,530,502</u>	<u>7,951,780</u>
Undesignated net assets	<u>12,400,286</u>	<u>16,505,034</u>
Total net assets without donor restrictions	<u>\$ 22,930,788</u>	<u>\$ 24,456,814</u>

Funds designated for impact council and strategic initiatives include planned future spending for initiative programs including Stable Families, Tax Time, African American Leadership Academy and Project Diversity/Pride Leadership as well as funds allocated for future community outreach and flexible response needs.

UNITED WAY OF CENTRAL OHIO, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2023 and 2022



Net Assets without Donor Restrictions

The operating reserve is established under a Board-approved policy to be separately invested in short-term investments, with a target of 3-6 months of internal operating expenses, so as to be available to meet unfunded and unexpected organizational needs, or to provide funds for emergency and emerging needs of the community. Any decision regarding use of the operating reserve funds requires Executive Committee or full Board approval.

In 2002, United Way established an account at The Columbus Foundation, with an initial deposit of approximately \$200,000, for quasi-endowment purposes and designated itself the beneficiary. An additional \$3,000,000 was contributed by United Way into the quasi-endowment during the year ended March 31, 2023. The quasi-endowment fund principal balance is intended to secure United Way's long-term financial viability and to provide interest earnings to offset internal staff costs for leadership and planned giving resource development. Any funds received from donor bequests realized are deposited to the endowment fund to grow the principal balance.

The undesignated net assets without donor restrictions are anticipated to be used for future agency program funding not yet formally committed by the Board, future programs and initiatives funding and other planned community impact investments.

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of grants to initiatives and programs, which are either time or purpose restricted. At March 31, 2023, \$1,434,281 in net assets were purpose restricted to the Success by Third Grade initiative and \$187,052 in net assets were time restricted to future campaign years.

Net assets with donor restrictions are held in cash and cash equivalents and/or contributions receivable as of March 31, 2023 and 2022.

UNITED WAY OF CENTRAL OHIO, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2023 and 2022

Liquidity and Availability of Resources

United Way's financial assets available within one year of the statements of financial position date for general expenditure are as follows:

	2023	2022
Cash and cash equivalents	\$ 12,669,632	\$ 15,260,875
Contributions receivable, net	11,566,951	11,380,228
Employee retention tax credits receivable	619,732	619,732
Short-term investments	2,430,745	2,895,629
Other assets	1,256,012	1,138,452
Beneficial interest in assets held by foundation	4,384,582	1,465,790
Total financial assets available within one year	32,927,654	32,760,706
Less:		
Amounts unavailable to management without Board approval	(10,530,502)	(7,951,780)
Designated and/or approved for allocation to agencies	(5,510,185)	(6,249,500)
Grants payable for initiative programs	(675,144)	(872,406)
Assets with purpose restrictions	(1,434,281)	(401,585)
Funds held for others	(1,671,249)	(644,977)
Total amounts unavailable for general expenditure within one year	(19,821,361)	(16,120,248)
Total financial assets available within one year	\$ 13,106,293	\$ 16,640,458

As part of United Way of Central Ohio's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, future planned program funding allocations and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a committed line of credit of \$1,000,000, which it could draw upon. Additionally, the Organization has Board Designated net assets without donor restrictions that, while the Organization does not intend to spend for these purposes other than those identified, the amounts could be made available for current operations, if necessary.

Concentrations

Two donor organizations accounted for approximately 27% and 22% of total annual campaign results for the years ended March 31, 2023 and 2022, respectively. Two donor organizations accounted for approximately 39% and 33% of current campaign year net contributions receivable as of March 31, 2023 and 2022, respectively.

UNITED WAY OF CENTRAL OHIO, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2023 and 2022



Retirement Plans

United Way maintains a defined contribution 401(k) plan, which covers substantially all employees who have completed one month of service and are at least 21 years old. Participants may contribute a percentage of their compensation on a pre-tax basis, up to the maximum allowed under federal guidelines.

The 401(k) plan allows for a 3% safe harbor contribution for each eligible employee with at least one year of service, regardless of whether the employee is contributing to the 401(k) plan. The total safe harbor contribution to the 401(k) plan during the years ended March 31, 2023 and 2022 was approximately \$85,000 and \$71,000, respectively.

United Way provides a matching contribution of up to 3% of the participants' eligible compensation for individuals participating in the 401(k) plan who have completed at least one year of service. The matching contribution to this Plan for the years ended March 31, 2023 and 2022 was approximately \$63,000 and \$62,000, respectively.

United Way established a 457(b) Deferred Compensation Plan, effective as of January 1, 2018. The Plan is maintained primarily for the purpose of providing deferred compensation for the President & CEO, SVP Finance & CFO and the SVP of Community Impact who are covered under the Plan. The Plan document is intended to constitute a "top hat" plan under Sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974, as amended, and to constitute an eligible deferred compensation plan within the meaning of Section 457 of the Internal Revenue Code of 1986, as amended. Deferrals consist only of employer contributions. The employer contribution was approximately \$61,500 and \$58,500 for the years ended March 31, 2023 and 2022, respectively.

Subsequent Events – Date of Management Evaluation

Management evaluated subsequent events through the date of the Independent Auditor's Report, which is the date the consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION



To the Board of Trustees
United Way of Central Ohio, Inc.
Columbus, Ohio

Independent Auditor's Report on Supplementary Information

We have audited the consolidated financial statements of United Way of Central Ohio, Inc. and Subsidiary for the years ended March 31, 2023, and our report thereon dated June 30, 2023, which expressed an unmodified opinion on those consolidated financial statements, appears on Pages 3 through 5. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The Consolidating Balance Sheets as of March 31, 2023 and 2022 are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

GBQ Partners LLC

Columbus, Ohio
June 30, 2023

UNITED WAY OF CENTRAL OHIO, INC. AND SUBSIDIARY

Consolidating Statements of Financial Position

March 31, 2023



	United Way of Central Ohio	United Way of Union County	Total
ASSETS			
Assets			
Cash and cash equivalents	\$ 11,894,269	\$ 775,363	\$ 12,669,632
Contributions receivable, net	11,259,884	307,067	11,566,951
Employee retention tax credits receivable	619,732	-	619,732
Short-term investments	2,430,745	-	2,430,745
Other assets	1,256,012	-	1,256,012
Beneficial interest in assets held by foundation	4,204,768	179,814	4,384,582
Right-of-use asset - operating lease	1,100,556	-	1,100,556
Property and equipment, net	17,588	1,322	18,910
Property and equipment held for sale	807,266	-	807,266
TOTAL ASSETS	\$ 33,590,820	\$ 1,263,566	\$ 34,854,386
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable and other miscellaneous liabilities	\$ 752,880	\$ 16,871	\$ 769,751
Grants payable for initiative programs	659,608	15,536	675,144
Funded agency allocations payable	1,791,618	58,875	1,850,493
Donor designations payable to agencies	3,644,377	15,315	3,659,692
Accrued payroll and related liabilities	517,182	24,064	541,246
Operating lease liability	1,134,690	-	1,134,690
Funds held for others	1,671,249	-	1,671,249
Total liabilities	10,171,604	130,661	10,302,265
Net Assets			
Without donor restrictions	21,897,883	1,032,905	22,930,788
With donor restrictions	1,521,333	100,000	1,621,333
Total net assets	23,419,216	1,132,905	24,552,121
TOTAL LIABILITIES AND NET ASSETS	\$ 33,590,820	\$ 1,263,566	\$ 34,854,386

UNITED WAY OF CENTRAL OHIO, INC. AND SUBSIDIARY

Consolidating Statements of Activities and Changes in Net Assets

For the Year Ended March 31, 2023

	United Way of Central Ohio	United Way of Union County	Total
Revenues			
Campaign revenues:			
Campaign contributions, current period	\$ 17,314,249	\$ 593,680	\$ 17,907,929
Grants for initiatives received through the campaign	4,475,902	-	4,475,902
Other campaign contributions	295,875	13,250	309,125
Campaign resources raised in the current year - gross	22,086,026	606,930	22,692,956
Less: donor designations, funded agencies and initiatives	(2,152,035)	-	(2,152,035)
Less: donor designations, other agencies	(4,955,478)	-	(4,955,478)
Less: estimated uncollectible pledges	(514,121)	(24,764)	(538,885)
Campaign revenues - net	14,464,392	582,166	15,046,558
Other revenues:			
Special initiative program funding	714,674	-	714,674
Contributions from other United Ways	30,789	-	30,789
Interest and investment gain	412,379	(8,342)	404,037
Donor designation processing fee	558,384	-	558,384
Sponsorships and other	462,266	702	462,968
Total other revenues	2,178,492	(7,640)	2,170,852
Total revenues	16,642,884	574,526	17,217,410
Expenses			
Grants and allocations	13,639,313	121,562	13,760,875
Less: allocations funded through designations	(6,454,242)	-	(6,454,242)
Net grants and allocations	7,185,071	121,562	7,306,633
Support services:			
Management and general	2,303,570	19,812	2,323,382
Resource development and fundraising	1,768,994	24,765	1,793,759
Program services:			
Community impact	1,171,515	-	1,171,515
Initiative program services	4,807,874	120,525	4,928,399
Total functional expenses	10,051,953	165,102	10,217,055
Total expenses	17,237,024	286,664	17,523,688
Change in Net Assets	(594,140)	287,862	(306,278)
Net Assets - Beginning of Year	24,006,826	851,573	24,858,399
Net Assets - End of Year	\$ 23,412,686	\$ 1,139,435	\$ 24,552,121

UNITED WAY OF CENTRAL OHIO, INC. AND SUBSIDIARY

Schedule of Expenditures of Federal Awards

For the Year Ended March 31, 2023



Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Grantor Contract Number	Total Expenditures
U.S. Department of Treasury; Internal Revenue Service; IRS VITA Program	21.009		\$ 108,774
U.S. Department of Education; City of Columbus; Coronavirus State and Local Fiscal Recovery Funds	21.027		334,747
U.S. Department of Health and Human Services; Ohio Department of Job and Family Services; Temporary Assistance for Needy Families Program	93.558	G-2021-17-0444	1,137,405
Total Expenditures of Federal Awards			\$ 1,580,926

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Amounts to Subrecipients
U.S. Department of Health and Human Services; Ohio Department of Job and Family Services; Temporary Assistance for Needy Families Program	93.558	\$ 1,025,066

UNITED WAY OF CENTRAL OHIO, INC. AND SUBSIDIARY

Notes to Schedule Expenditures of Federal Awards

For the Year Ended March 31, 2023



1. The purpose of the Schedule of Expenditures of Federal Awards is to present a summary of the activities of United Way for the year ended March 31, 2023, which were funded by the U.S. Government.

Because the Schedule presents only a selected portion of the activities of United Way, it is not intended to and does not present the financial position, results of operations or changes in net assets of United Way. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the schedule above may differ from amounts presented in, or used in the preparation of, the accompanying consolidated financial statements.

The Schedule is prepared on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. CFR Part 230, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. United Way has elected to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.

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To the Board of Trustees
United Way of Central Ohio, Inc.
Columbus, Ohio

**Independent Auditor's Report on Internal Control over Financial
Reporting and on Compliance and Other Matters
Based on an Audit of Consolidated Financial Statements Performed in
Accordance with *Government Auditing Standards***

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of United Way of Central Ohio, Inc. and Subsidiary (United Way), which comprise the consolidated statement of financial position as of March 31, 2023, and the related consolidated statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2023.

Report on Internal Control over Financial Reporting

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

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

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

To the Board of Trustees
United Way of Central Ohio, Inc.
Page 2

Report on Compliance and Other Matters

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

Purpose of this Report

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

GBQ Partners LLC

Columbus, Ohio
June 30, 2023



To the Board of Trustees
United Way of Central Ohio, Inc.
Columbus, Ohio

Independent Auditor's Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Report on Compliance for Each Major Federal Program

We have audited United Way of Central Ohio, Inc. and Subsidiary's (United Way) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on United Way's major federal programs for the year ended March 31, 2023. United Way's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, United Way complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of United Way and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of United Way's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to United Way's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on United Way's compliance based on our audit. Reasonable assurance is a high level of assurance but not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about United Way's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 United Way's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of United Way's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of United Way's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as described above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

GBQ Partners LLC

Columbus, Ohio
June 30, 2023

UNITED WAY OF CENTRAL OHIO, INC. AND SUBSIDIARY

Schedule of Findings and Questioned Costs For the Year Ended March 31, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued - unmodified.

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None Reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Type of auditor's report issued on compliance for major programs - unmodified.

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None Reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516 of the Uniform Guidance?

_____ Yes X No

Identification of Major Programs:

Assistance Listing Number	Name of Federal Program
93.558	U.S. Department of Health and Human Services; Ohio Department of Job and Family Services; Temporary Assistance for Needy Families Program
Dollar threshold used to distinguish between Type A and Type B programs	\$ <u>750,000</u>
Auditee qualified as low-risk auditee?	<u>X</u> Yes _____ No

UNITED WAY OF CENTRAL OHIO, INC. AND SUBSIDIARY

Schedule of Findings and Questioned Costs (continued)

For the Year Ended March 31, 2023



Section II – Consolidated Financial Statements Findings

There were no findings required to be reported in accordance with *Government Auditing Standards*.

Section III – Federal Award Findings and Questioned Costs

There were no findings or questioned costs for federal awards for the year ended March 31, 2023.

Section IV – Summary Schedule of Prior Year Audit Findings

There were no prior year audit findings.