

UNITED WAY OF ST. CLAIR COUNTY
Port Huron, Michigan

ANNUAL FINANCIAL STATEMENTS
with Supplementary Information

FOR THE YEAR ENDED
MARCH 31, 2022

UNITED WAY OF ST. CLAIR COUNTY

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MARCH 31, 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of St. Clair County
Port Huron, Michigan

Opinion

We have audited the accompanying financial statements of the United Way of St. Clair County (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of March 31, 2022, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of St. Clair County as of March 31, 2022 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 misstatements, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

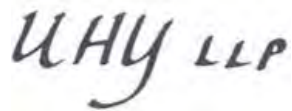
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the United Way of St. Clair County's March 31, 2021 financial statements, and our report dated June 22, 2021 expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, as well as other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The image shows a handwritten signature in dark ink that reads "UHY LLP". The letters are written in a cursive, slightly slanted style.

Port Huron, Michigan
July 19, 2022

UNITED WAY OF ST. CLAIR COUNTY

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2022 AND 2021

	2022	2021
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,145,021	\$ 1,079,562
Investments	1,393,618	1,299,332
Pledges receivable (net of allowance for uncollectible pledges) -		
Pledges from 2021/2022 campaign	216,608	-
Pledges from 2020/2021 campaign	-	303,939
Beneficial interest in trusts	10,700	10,700
Other receivable	4,128	42,624
Prepaid expenses	11,457	11,125
Total Current Assets	2,781,532	2,747,282
Land, Building, and Equipment, Net of Accumulated Depreciation:	679,435	706,234
Other Assets:		
Beneficial interest in assets held by others	39,219	39,057
Total Assets	\$ 3,500,186	\$ 3,492,573
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 9,152	\$ 42,180
Accrued liabilities	7,060	9,489
Donor designations payable	38,837	41,287
PPP loan	-	62,500
Total Current Liabilities	55,049	155,456
NET ASSETS		
Without Donor Restrictions -		
Land, Building, and Equipment	679,435	706,234
Other (See Note 12)	1,439,480	1,264,466
Total Without Donor Restrictions	2,118,915	1,970,700
With Donor Restrictions	1,326,222	1,366,417
Total Net Assets	3,445,137	3,337,117
Total Liabilities and Net Assets	\$ 3,500,186	\$ 3,492,573

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

UNITED WAY OF ST. CLAIR COUNTY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED MARCH 31, 2022

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total	
			2022	2021
Revenues, Gains, and Other Support:				
Current year's campaign (for next period) -				
Contributions received and receivable	\$ -	\$ 754,525	\$ 754,525	\$ 781,797
Less: donor designations	-	(38,837)	(38,837)	(41,287)
Less: allowance for uncollectible pledges	-	(50,000)	(50,000)	(70,000)
Total campaign for next allocation period	<u>-</u>	<u>665,688</u>	<u>665,688</u>	<u>670,510</u>
 Contributions -				
Campaign current period	206,188	-	206,188	128,811
Other	6,090	11,393	17,483	27,181
Non-cash	-	3,255	3,255	6,002
Net investment income (loss)	(3,936)	510	(3,426)	96,017
Sponsorship of campaign events	-	25,700	25,700	18,600
Special grants/contributions	31,900	93,163	125,063	231,553
Forgiveness of PPP loans	<u>125,000</u>	<u>-</u>	<u>125,000</u>	<u>-</u>
	<u>365,242</u>	<u>134,021</u>	<u>499,263</u>	<u>508,164</u>
 Total Revenues, Gains, and Other Support	365,242	799,709	1,164,951	1,178,674
 Net assets released from restrictions -				
Satisfaction of purpose/program restrictions	<u>839,904</u>	<u>(839,904)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains, and Other Support with Net Assets Released from Restrictions	<u>1,205,146</u>	<u>(40,195)</u>	<u>1,164,951</u>	<u>1,178,674</u>
 Expenses:				
Program Services -				
Community impact services	608,406	-	608,406	733,752
Direct services to people	143,666	-	143,666	170,564
211 Northeast Michigan	38,789	-	38,789	42,641
Supporting Services -				
Resource development	149,048	-	149,048	183,805
Organizational administration	<u>117,022</u>	<u>-</u>	<u>117,022</u>	<u>150,156</u>
Total Expenses	<u>1,056,931</u>	<u>-</u>	<u>1,056,931</u>	<u>1,280,918</u>
 Change in Net Assets	148,215	(40,195)	108,020	(102,244)
 Net Assets at beginning of year	<u>1,970,700</u>	<u>1,366,417</u>	<u>3,337,117</u>	<u>3,439,361</u>
 Net Assets at end of year	<u>\$ 2,118,915</u>	<u>\$ 1,326,222</u>	<u>\$ 3,445,137</u>	<u>\$ 3,337,117</u>

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

UNITED WAY OF ST. CLAIR COUNTY

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2022**

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2021

	Program Services			Total
	Community Impact Services	Direct Services to People	211 Northeast Michigan	
Salaries	\$ 54,659	\$ 36,506	\$ 28,625	\$ 119,790
Payroll taxes	3,878	2,572	1,989	8,439
Employee health and retirement benefits	7,452	6,204	6,700	20,356
	<u>65,989</u>	<u>45,282</u>	<u>37,314</u>	<u>148,585</u>
Allocations to member agencies/ community projects	516,753	-	-	516,753
Prior year donor designations	(41,287)	-	-	(41,287)
Organization grants/community initiatives	6,719	-	-	6,719
Telephone	1,584	695	479	2,758
Postage	59	26	-	85
Office supplies	1,565	686	173	2,424
Mileage	35	-	-	35
Insurance	1,926	845	-	2,771
Dues & membership fees	1,154	543	-	1,697
Equipment maintenance	1,360	597	-	1,957
Occupancy	9,775	2,913	-	12,688
Medications, materials, and direct services	-	88,323	-	88,323
Training & other	603	266	-	869
Campaign events	-	-	-	-
Campaign printing	-	-	-	-
Campaign supplies	-	-	-	-
Accounting & auditing	-	-	-	-
Advertising	-	-	823	823
Community relations/projects	13,242	-	-	13,242
United Way membership dues	20,975	-	-	20,975
In-kind	-	-	-	-
Depreciation	7,954	3,490	-	11,444
Loss on disposal	-	-	-	-
	<u>542,417</u>	<u>98,384</u>	<u>1,475</u>	<u>642,276</u>
Total Functional Expenses	<u>\$ 608,406</u>	<u>\$ 143,666</u>	<u>\$ 38,789</u>	<u>\$ 790,861</u>

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

Supporting Services

Resource Development	Organizational Administration	Total	Totals	
			2022	2021
\$ 67,443	\$ 64,453	\$ 131,896	\$ 251,686	\$ 305,680
4,751	4,541	9,292	17,731	23,069
11,461	10,953	22,414	42,770	65,771
<u>83,655</u>	<u>79,947</u>	<u>163,602</u>	<u>312,187</u>	<u>394,520</u>
-	-	-	516,753	659,204
-	-	-	(41,287)	(74,813)
-	-	-	6,719	30,012
1,280	1,215	2,495	5,253	4,540
3,456	45	3,501	3,586	4,581
1,264	1,200	2,464	4,888	5,614
2,656	-	2,656	2,691	2,028
1,556	1,477	3,033	5,804	5,638
933	1,011	1,944	3,641	3,680
1,098	1,043	2,141	4,098	3,474
5,364	5,092	10,456	23,144	24,668
-	-	-	88,323	110,243
488	464	952	1,821	352
10,868	-	10,868	10,868	4,132
16,662	-	16,662	16,662	15,459
10,086	-	10,086	10,086	13,637
-	16,600	16,600	16,600	14,985
-	-	-	823	180
-	-	-	13,242	9,263
-	-	-	20,975	16,973
3,255	-	3,255	3,255	6,002
6,427	6,101	12,528	23,972	26,546
-	2,827	2,827	2,827	-
<u>65,393</u>	<u>37,075</u>	<u>102,468</u>	<u>744,744</u>	<u>886,398</u>
<u>\$ 149,048</u>	<u>\$ 117,022</u>	<u>\$ 266,070</u>	<u>\$ 1,056,931</u>	<u>\$ 1,280,918</u>

UNITED WAY OF ST. CLAIR COUNTY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021

	2022	2021
Cash Flows From Operating Activities:		
Cash received from contributors	\$ 1,140,087	\$ 1,098,947
Sponsorship of campaign events	25,700	18,600
Allocations paid	(525,922)	(722,742)
Cash paid to suppliers	(224,578)	(151,604)
Cash paid to employees	(314,616)	(400,286)
Interest & dividends	26,413	53,038
Net Cash Provided (Used) by Operating Activities	127,084	(104,047)
Cash Flows From Investing Activities:		
Net sales (purchases) of investments	(124,125)	804,742
Cash Flows From Financing Activities:		
PPP loan proceeds	62,500	62,500
Net increase in cash and cash equivalents	65,459	763,195
Cash and cash equivalents at beginning of year	1,079,562	316,367
Cash and cash equivalents at end of year	\$ 1,145,021	\$ 1,079,562
Reconciliation of Change in Net Cash Provided (Used) by Operating Activities:		
Change in net assets	\$ 108,020	\$(102,244)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities -		
PPP loan forgiveness	(125,000)	-
Depreciation	23,972	26,546
Loss on disposal	2,827	-
Unrealized (gains) losses on investments	29,839	(42,979)
Provision for doubtful accounts	(62,336)	2,882
Change in assets and liabilities:		
Gain of value on beneficial interest in assets held by others	(162)	(10,434)
Decrease in pledge receivable	149,667	26,775
(Increase) Decrease in other receivable	38,496	(8,331)
Decrease in beneficial interest in trusts	-	30,000
(Increase) Decrease in prepaid expenses	(332)	5,636
Increase (Decrease) in accounts payable	(33,028)	7,394
Decrease in accrued liabilities	(2,429)	(5,766)
Decrease in donor designations payable	(2,450)	(33,526)
Net Cash Provided (Used) by Operating Activities	\$ 127,084	\$(104,047)
Supplemental Disclosure of Cash Flow Information:		
Non-cash contributions	\$ 3,255	\$ 6,002

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

UNITED WAY OF ST. CLAIR COUNTY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

DESCRIPTION OF ORGANIZATION:

United Way of St. Clair County (the “Organization”) was founded in 1924 and is governed by a volunteer Board of Directors. The mission of the Organization is to mobilize the community of St. Clair County to raise funds and/or resources to meet identified human service needs with the highest level of accountability and community involvement.

The Organization operates the following major programs:

Community Impact Services - United Way of St. Clair County provides direct support and training to the Affiliated Organizations and the Citizens Review Committee (CRC) to impact county residents. The CRC is instrumental in identifying human service needs and monitoring the affiliated organization’s funded program(s) with the highest level of accountability and community involvement. Programmatic funding is overseen by the CRC and the Board of Directors and is administered by the Executive Director in conjunction with the Operations/Technology Systems Director and assistance from staff.

Direct Services to People - United Way of St. Clair County provides direct services to residents through donor designated funds to address specific issues: The Cancer Services Program, Children with Disabilities Program, the Emergency Program, and the Dental Services Program. All funds are available to disabled, homeless, indigent, and low-income St. Clair County residents after all other funding resources are exhausted. Additionally, the Organization maintains a Medical Loan Closet which provides durable and disposable medical equipment to St. Clair County residents. The direct services are administered by the Executive Director in conjunction with the Direct Services Coordinator, Labor Representative, and assistance from staff.

211 Northeast Michigan Program - Provides residents of St. Clair County an easy-to-remember phone number and provides information and connects callers with appropriate agencies and services to meet their human service needs. Data gathered by 211 through this program assists in accessing ongoing needs in our community.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Organization’s accounting policies are in accordance with accounting principles generally accepted in the United States of America as applicable to nonprofit organizations. The following is a summary of policies which are considered significant to the Organization:

BASIS OF ACCOUNTING - The financial statements of the Organization are reported on the accrual basis of accounting.

BASIS OF PRESENTATION - The financial statements presentation follows the requirements of the Financial Accounting Standards Board’s (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASC 958, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the Organization. These net assets may be used at the discretion of management.

UNITED WAY OF ST. CLAIR COUNTY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

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

CASH AND CASH EQUIVALENTS - Cash equivalents represent highly liquid investments with a maturity of three months or less from date of purchase. The money market account has general characteristics of demand deposit accounts in that the Organization may deposit additional cash at any time and effectively may withdraw cash at any time without prior notice or penalty. The money market accounts are recorded at cost, which approximates fair value.

INVESTMENTS - Investments consist of certificates of deposit with maturities greater than three months from date of purchase that are reported at cost, which approximates fair value. Investments also include mutual funds, which are recorded at fair value based on quoted market prices, and money market accounts held by brokers.

Investment income is recognized as revenue in the period it is earned and gains and losses are recognized as changes in net assets in the accounting period in which they occur.

PLEDGES RECEIVABLE AND ALLOWANCE FOR UNCOLLECTIBLE PLEDGES - An annual fundraising campaign is conducted each fall to obtain donations and pledges to fund the subsequent year's operations. All pledges receivable are recorded at the expected net realizable value. The provision for uncollectible pledges is computed based upon past history, management estimates of current economic factors applied to the current campaign, including donor designations for the 2021-2022 campaign, plus 100% of any amounts remaining due from the 2020-2021 campaign.

Pledges are recorded as donor restricted revenue in the current campaign year and released into net assets without donor restrictions as time restrictions are satisfied in the subsequent year. Donor designated pledges are accounted for as a liability until dispensed to the designated agency. Those amounts are not accounted for as revenue by the Organization, but are reported as part of the campaign results from which the amounts are then deducted, to arrive at the campaign revenue. The Organization honors all requests by donors with regard to direct designations.

FAIR VALUE MEASUREMENTS - ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring value, and requires certain disclosures about fair value measurements. The Organization accounts for certain financial assets at fair value.

LAND, BUILDING, AND EQUIPMENT - Land, building, and equipment are carried at cost at the date of purchase or fair market value at date of donation. Additions with a cost greater than \$1,000 are charged to the property accounts while maintenance and repairs which do not improve or extend the life of the respective assets are expensed currently. When property is retired or disposed of, the recorded value is removed from the accounts. Gains and losses from disposals are included in earnings. Depreciation is computed on the straight-line method over the estimated life of the assets.

UNITED WAY OF ST. CLAIR COUNTY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

The estimated useful lives of the assets are as follows:

Building and Building Improvements	10 - 40 years
Computers	3 years
Furniture and Equipment	5 - 10 years

ACCRUED LIABILITY FOR VACATION - Employees have vested rights upon termination of employment to receive payment for unused annual leave under limits and conditions specified in the personnel policies of the Organization.

INCOME TAXES - The United Way of St. Clair County is a nonprofit organization classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) of the United States Internal Revenue Code of 1986.

REVENUE AND REVENUE RECOGNITION - The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. All contributions are recorded at fair value. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions.

FUNCTIONAL EXPENSES - The costs of providing programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs that are directly identifiable with a program or support service are charged directly to the program or support service benefiting, including most salaries and benefits. Other costs have been allocated to the various programs and support services based on estimated time and effort.

ESTIMATES - In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

UNITED WAY OF ST. CLAIR COUNTY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

UPCOMING ACCOUNTING PRONOUNCEMENT - In 2016, FASB issued a new accounting standard, Topic 842, intended to improve financial reporting of leasing transactions. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current Generally Accepted Accounting Principles (GAAP), the recognition, measurement, and presentation of expenses and cash flow arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP which requires only capital leases to be recognized on the balance sheet, the new standard will require both types of leases to be recognized on the balance sheet. The standard also requires disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows from leases. The amendments in this standard are effective for the Organization's financial statements for the year ending March 31, 2023.

The Organization has not yet implemented this ASU and is in the process of assessing the effect on the Organization's financial statements.

SUBSEQUENT EVENTS - In preparing these financial statements, the United Way of St. Clair County has evaluated events and transactions for potential recognition or disclosure through July 19, 2022, the date financial statements were available to be issued.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF RESOURCES:

Financial assets available for general expenditures (that is, without donor or other restrictions limiting their use) within one year of the financial position date is composed of the following:

Cash and cash equivalents	\$ 1,145,021
Investments	1,393,618
Pledges receivable, net	216,608
Beneficial interest in trusts	10,700
Other receivables	<u>4,128</u>
	2,770,075
Less: Donor restricted assets	621,315
Less: Board designated assets	<u>1,439,480</u>
	<u>\$ 709,280</u>

The United Way of St. Clair County maintains a cash reserve, with any excess cash invested in certificates of deposit with staggering maturity dates.

NOTE 3 - CASH AND INVESTMENTS:

Concentration of Credit Risk -

Financial instruments that potentially subject the United Way of St. Clair County to credit risk include cash and cash equivalents on deposit with financial institutions. At March 31, 2022, the Organization had deposits with bank balances of \$1,760,119 (including certificates of deposit of \$576,031 at financial institutions), of which \$908,362 was covered by depository insurance, with the remaining \$851,757 was uninsured and uncollateralized.

UNITED WAY OF ST. CLAIR COUNTY

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022**

NOTE 3 - CASH AND INVESTMENTS - (cont'd):

At March 31, 2022, investments of the Organization consist of the following:

Money market held by brokers	\$ 6,401
Mutual funds	811,186
Certificates of deposit	<u>576,031</u>
Total	<u>\$ 1,393,618</u>

The Organization had the following return on investment for the year ended March 31, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
Interest and dividends	\$ 25,903	\$ 510
Unrealized loss on investments	<u>(29,839)</u>	<u>-</u>
Total	<u>\$(3,936)</u>	<u>\$ 510</u>

NOTE 4 - PLEDGES RECEIVABLE:

The following is a summary of the campaign pledges receivable less the allowance for uncollectible pledges as of March 31, 2022:

	<u>2020/2021</u>	<u>2021/2022</u>	<u>Total</u>
Pledges receivable	\$ 70,687	\$ 266,608	\$ 337,295
Less: Allowance for uncollectible pledges	<u>(70,687)</u>	<u>(50,000)</u>	<u>(120,687)</u>
Net pledges receivable	<u>\$ -</u>	<u>\$ 216,608</u>	<u>\$ 216,608</u>

NOTE 5 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS:

Beneficial interest in assets held by others of \$39,219 at March 31, 2022 represents assets transferred to the Community Foundation of St. Clair County (the "Foundation") to establish an agency endowment fund plus accumulated investment earnings. In addition, the Foundation can also receive contributions directly from donors that are not recorded on the United Way's financial statements, however, are for the benefit of the United Way of St. Clair County. The United Way of St. Clair County's share of the fund amounted to \$39,219 at March 31, 2022 with the Foundation's share of \$18,536, for a total in the fund at March 31, 2022 of \$57,755.

Under the terms of the agreement with the Foundation, the Board of Directors of the Organization may recommend or request distribution from the fund in amounts limited by the spending policies of the Foundation. The Foundation's current spending policy is to distribute 5% of the average fair value over the prior 16 quarters determined as of September of the year preceding distribution. At the time of the transfer of assets, the Organization granted variance power to the Foundation. The Foundation expects to follow the recommendation but reserves the right to accept or reject the Organization's recommendations. Variance power also gives the Foundation the right to distribute the spendable portion of the fund to another nonprofit of its choice if the Organization ceases to exist and the Board of the Foundation determines that support of the Organization is no longer necessary or is inconsistent with the mission or purpose of the funds or the needs of the community.

UNITED WAY OF ST. CLAIR COUNTY

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022**

NOTE 6 - LAND, BUILDING, AND EQUIPMENT:

The following is a summary of land, building, and equipment for the year ended March 31, 2022:

Land	\$	153,500
Buildings		585,479
Building Improvements		356,165
Furniture and Equipment		<u>84,068</u>
		1,179,212
Less - Accumulated depreciation	(<u>499,777)</u>
	\$	<u>679,435</u>

NOTE 7 - FAIR VALUE MEASUREMENTS:

In accordance with ASC 820, the Organization uses fair value measurements to record adjustments to certain assets. The ASC 820 defines fair value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.” The Codification also sets out a fair value hierarchy ranking the levels of the inputs used as assumptions in the valuation techniques used to value an asset or liability. The fair value hierarchy gives the highest priority to quoted prices in an active market for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of hierarchy are described as follows:

Level 1 - inputs are quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date. An active market is a market in which transactions of the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - inputs are from other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs include quoted market prices of similar assets or liabilities in active markets, quoted market prices for identical or similar assets or liabilities in markets that are not active, and pricing models developed principally from inputs from or corroborated by observable market data by correlation or other means.

Level 3 - inputs are unobservable and allowed in situations where there is little, if any, market activity for the assets or liabilities at the measurement date. These inputs reflect the reporting entity’s own assumptions about assumptions that would be used by market participants.

The following table presents the Organization’s fair value hierarchy for the assets and liabilities measured at fair value as of March 31, 2022:

Assets Measured at Fair Value on a Recurring Basis:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments -				
Mutual Funds	\$ <u>811,186</u>	\$ <u>811,186</u>	\$ <u>-</u>	\$ <u>-</u>

The fair value of investments at March 31, 2022, as disclosed above, does not include certificates of deposit or money market funds held by brokers that are classified as investments on the statement of financial position since they are appropriately recorded at cost. The amount held in certificates of deposit and money market funds at March 31, 2022 was \$582,432.

UNITED WAY OF ST. CLAIR COUNTY

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022**

NOTE 8 - BENEFICIAL INTEREST IN TRUSTS:

The Organization is a beneficiary of an irrevocable trust. The Organization's remaining portion at March 31, 2022 is estimated at \$10,700. The estimated proceeds have been recorded as receivable and contribution without donor restrictions.

NOTE 9 - DONOR DESIGNATIONS PAYABLE:

The donor designations payable represents the annual amount due to other United Ways and member agencies for certain designated pledges. Actual cash disbursements of designations are made for three types of pledge designations: designations to other United Ways; designations to member agencies not receiving an allocation and designations received in the State and Federal Government campaigns. Since the Organization uses a first-dollar-in designation policy, the first payments made to an agency, if they are receiving a regular allocation, are treated as a payment of designations. Therefore, separate payments for the designations in these cases are not made. Designations paid appear in the Statement of Functional Expenses under Allocations to Member Agencies/Community Projects. The prior-year donor designations payable is reported as an offset against current year expenses to comply with ASC 958.

NOTE 10 - DONATED SERVICES:

Donated services are recognized as contributions in accordance with ASC 958 if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

There are a substantial number of volunteers donating a significant amount of time to the Organization's fund raising and other activities that do not meet these criteria. Therefore, no value for these services is recorded.

NOTE 11 - PENSION PLAN:

Effective January 1, 1993, the Board of Directors adopted a noncontributory SEP-IRA plan which covers all full-time employees who meet certain eligibility requirements. Contributions to the plan totaled \$18,504 for the year ended March 31, 2022.

NOTE 12 - BOARD-DESIGNATED NET ASSETS:

The United Way Board of Directors has designated the following amounts from net assets without donor restrictions as of March 31, 2022:

Dental Clinic Building	\$	40,370
Operating Reserve Fund		750,000
Special Initiatives Fund		595,451
Capital-Main Facility Fund		<u>53,659</u>
	\$	<u>1,439,480</u>

UNITED WAY OF ST. CLAIR COUNTY

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022**

NOTE 13 - NET ASSETS WITH DONOR RESTRICTIONS:

Annually a campaign is conducted to raise funds to provide for the Organization’s operations, organizational grants, and community initiatives that address community needs in St. Clair County. These operations, grants and initiatives occur during the subsequent year. Therefore, the annual campaign is recorded as donor restricted revenue. During the subsequent year, as funds are distributed, they are released from restriction and reported as increases in net assets without donor restrictions.

In addition, amounts received that are restricted by the donor for specific purposes are recorded as contributions with donor restrictions until the time they are spent.

The Organization has six donor restricted funds to address specific issues, Cancer Services Program, Children with Disabilities Program, Dental Services Program, Emergency Needs Program, Merges Substance Abuse Treatment Program, and 211 Northeast Michigan Program.

The Cancer Services and Children with Disabilities Programs provide assistance to individuals and their families affected by these conditions with unusual and unique needs not covered by any other funding source. The Dental Services Program provides assistance to disabled, homeless, indigent, and low-income residents in securing appropriate dental care, primarily at the United Way Community Dental Clinic. The Emergency Needs Program provides assistance to families when no other source is available for housing, utilities, food, and health care on an individual basis when extreme financial need is documented and verified.

The Merges Substance Abuse Treatment Program is administered by the Citizens Review Committee to provide grants to organizations for substance abuse treatment programs. This fund is restricted to up to \$40,000 per year in granting expenditures.

The 211 Northeast Michigan Program provides an easy-to-remember phone number connecting callers with health and human services in their community 24 hours a day, 7 days a week.

All of these funds are administered by the Executive Director of the Organization in conjunction with the Direct Service Coordinator and Labor Representative.

At March 31, 2022, net assets with donor restrictions are available for the following purposes or periods:

Cancer Services	\$	46,245
Children with Disabilities		32,364
Dental Services		172,623
Emergency Needs		200,140
Merges Substance Abuse Treatment		165,851
211 Northeast Michigan		<u>4,092</u>
		621,315
Beneficial Interest in Assets Held by the Community Foundation		39,219
Campaign for 2022 Funding Year		<u>665,688</u>
	\$	<u>1,326,222</u>

UNITED WAY OF ST. CLAIR COUNTY

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022**

NOTE 13 - NET ASSETS WITH DONOR RESTRICTIONS - (cont'd):

Net assets were released during the year ended March 31, 2022 from donor restrictions by incurring expenses, satisfying the restricted purposes, or by occurrence of other events specified by donors.

Purpose Restriction -	
Cancer Services	\$ 9
Children with Disabilities	9
Emergency Needs	88,296
Dental Services	9
211 Northeast Michigan	38,789
Other Contributions/Grants	<u>42,282</u>
	169,394
Time Restriction -	
Campaign for 2021 funding year	<u>670,510</u>
	<u>\$ 839,904</u>

NOTE 14 - PAYCHECK PROTECTION PROGRAM LOANS:

On January 27, 2021 and April 21, 2021, the Organization received loan proceeds of \$62,500 each from Fifth Third Bank, National Association (the "Bank"), pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was enacted on March 27, 2020. The outstanding balance of the PPP Loan at March 31, 2021 was \$62,500 with an additional \$62,500 recorded on April 21, 2021.

On September 24, 2021 and September 27, 2021, respectively, the Organization received notification from the Bank indicating that the Small Business Association (SBA) had forgiven the full amount of the principal and accrued interest and that both loans were considered paid in full. A reduction to the liability and forgiveness of the loan of \$125,000 was recognized as of and for the year ended March 31, 2022.

According to the rules of the SBA, the Organization is required to retain PPP Loan documentation for six years after the date the loan is forgiven or paid in full and permit authorized representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request. Should the SBA conduct such a review and reject all or some of the Organization's judgements pertaining to satisfying PPP Loan eligibility or forgiveness conditions, the Organization may be required to adjust previously reported amounts and disclosures in the financial statements.

NOTE 15 - COVID-19:

Towards the end of December 2019, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. There have been mandates from federal, state, and local authorities requiring forced closures of non-essential businesses and stay-at-home orders for most states, including Michigan, which could negatively impact the Organization's ability to receive and collect pledges from donors. Given the continuously evolving nature of this global emergency, its long-term financial impact is unknown.

SUPPLEMENTARY FINANCIAL INFORMATION

UNITED WAY OF ST. CLAIR COUNTY

**ORGANIZATION GRANTS AND COMMUNITY INITIATIVES
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021**

	2022	2021
Allocation of Affiliated Organizations/Community Projects:		
The ARC of St. Clair County	\$ 55,000	\$ 70,000
Blue Water Community Action	1,557	1,217
Blue Water Hospice	2,769	7,222
Blue Water Safe Horizons	48,000	60,000
Blue Water WARM	37,707	45,000
Catholic Charities of SE MI	21,941	33,336
Community Enterprises - Ramp	18,419	30,000
Community First Health Centers	1,338	1,103
Comprehensive Youth Services, The Harbor	41,000	48,000
Council on Aging, serving St. Clair County	4,000	3,330
CSCB	1,250	5,000
Detroit Rescue Mission	40,000	45,000
Goodwill Industries of St. Clair County	561	221
Girl Scouts-Michigan Waterways Council	7,000	10,000
Harbor Impact Ministries	7,500	7,500
Hunter Hospitality House	-	3,227
I.M.P.A.C.T.	266	242
Literacy and Beyond	-	110
Michigan Crossroads BSA	11,445	22,863
Michigan League for Human Services	500	500
Mid City Nutrition Program	4,500	10,000
Michigan Vocational Rehab - State of MI	60,000	60,000
People's Clinic for Better Health	10,000	13,193
Sanborn Gratiot Memorial Home	7,500	12,580
SONS	11,500	15,390
St. Clair County RESA - Imagination Library	33,500	45,000
Touchstone Services, Inc. (BW Club House)	20,000	29,170
Visiting Nurses Association	69,500	80,000
	\$ 516,753	\$ 659,204
Organization Grants/Community Initiatives:		
Other Agency Designation Payments- United Ways	\$ 6,719	\$ 30,012

Although the above information is presented by organization, these organizations are funded for specific programs, and funds are restricted by the United Way for use in the specific programs. As the needs of the community change, programs funded also change. Funding is determined on an annual basis as the needs of the community are identified.

UNITED WAY OF ST. CLAIR COUNTY

**DETAILED SCHEDULE OF GRANTS/EXPENSES FROM DONOR RESTRICTED PROGRAMS
FOR THE YEAR ENDED MARCH 31, 2022**

Cancer Services Direct to Individuals:	
Other	<u>\$ 9</u>
Dental/Oral Surgery Direct Services to Individuals/Misc.:	
Other	<u> 9</u>
Children with Disabilities Direct Services to Individuals:	
Other	<u> 9</u>
Emergency Needs Services Direct to Individuals:	
Housing/Rent Assistance	487
Medical/Vision Assistance	71
Misc. Assistance - Food/Transportation/Plumbing	18,064
COVID-19 Assistance	68,967
Utility Assistance	698
Other	<u> 9</u>
Total Emergency Needs Services	<u>88,296</u>
211 Northeast Michigan Services:	
Salaries and Benefits	37,314
Other Expenses for Referral Services	<u>1,475</u>
Total 211 Northeast Michigan	<u>38,789</u>
 Total Grants From Donor Restricted Programs	 <u><u>\$ 127,112</u></u>