

UNITED WAY OF ST. CLAIR COUNTY
Port Huron, Michigan

ANNUAL FINANCIAL STATEMENTS
with Supplementary Information

FOR THE YEAR ENDED
MARCH 31, 2020

UNITED WAY OF ST. CLAIR COUNTY

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the United Way of St. Clair County (a nonprofit organization), which comprise the statement of financial position as of March 31, 2020, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of St. Clair County as of March 31, 2020 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.

Report on Summarized Comparative Information

The financial statements as of March 31, 2019 were audited by Stewart, Beauvais & Whipple, PC, who merged with UHY LLP as of January 1, 2020 and whose report dated June 19, 2019 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2019 is consistent, in all material respects, with the audited financial statements for which it has been derived.

Other Matter

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 stylized and cursive.

Port Huron, Michigan
September 8, 2020

UNITED WAY OF ST. CLAIR COUNTY

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 316,367	\$ 254,970
Investments	2,061,095	2,091,519
Pledges receivable (net of allowance for uncollectible pledges) -		
Pledges from 2019/2020 campaign	333,596	-
Pledges from 2018/2019 campaign	-	474,587
Beneficial interest in trusts	40,700	125,000
Other receivable	34,293	9,504
Prepaid expenses	16,761	10,041
	<u>2,802,812</u>	<u>2,965,621</u>
Land, Building, and Equipment:		
Net of Accumulated Depreciation	732,780	745,846
Other Assets:		
Beneficial interest in assets held by others	28,623	33,007
	<u>28,623</u>	<u>33,007</u>
Total Assets	<u>\$ 3,564,215</u>	<u>\$ 3,744,474</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 34,786	\$ 67,956
Accrued wages and taxes	10,084	6,117
Donor designations payable	74,813	53,058
Accrued liability for vacations	5,171	6,895
	<u>124,854</u>	<u>134,026</u>
Total Current Liabilities	<u>124,854</u>	<u>134,026</u>
NET ASSETS		
Without Donor Restrictions -		
Land, Building, and Equipment	732,780	745,846
Other (See Note 12)	1,281,318	1,318,458
Total Without Donor Restrictions	<u>2,014,098</u>	<u>2,064,304</u>
With Donor Restrictions	1,425,263	1,546,144
	<u>1,425,263</u>	<u>1,546,144</u>
Total Net Assets	<u>3,439,361</u>	<u>3,610,448</u>
Total Liabilities and Net Assets	<u>\$ 3,564,215</u>	<u>\$ 3,744,474</u>

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, 2020

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total	
			2020	2019
Revenues, Gains, and Other Support:				
Current year's campaign (for next period) -				
Contributions received and receivable	\$ -	\$ 983,125	\$ 983,125	\$ 1,078,681
Less: donor designations	-	(74,813)	(74,813)	(53,058)
Less: allowance for uncollectible pledges	-	(100,000)	(100,000)	(60,000)
Total campaign for next allocation period	-	808,312	808,312	965,623
Contributions -				
Campaign current period	190,585	-	190,585	91,444
Other	56,311	19,788	76,099	157,498
Return of prior allocations	16,342	-	16,342	-
Non-cash	-	5,113	5,113	5,818
Net investment income	27,178	2,851	30,029	47,684
Sponsorship of campaign events	-	26,319	26,319	29,254
Special grants (contributions)	-	94,368	94,368	29,687
	290,416	148,439	438,855	361,385
	290,416	956,751	1,247,167	1,327,008
Net assets released from restrictions -				
Satisfaction of purpose/program restrictions	1,077,632	(1,077,632)	-	-
Total Revenues, Gains, and Other Support	1,368,048	(120,881)	1,247,167	1,327,008
Expenses:				
Program Services -				
Community impact services	830,504	-	830,504	800,012
Direct services to people	144,032	-	144,032	148,216
Merges substance abuse treatment	-	-	-	21,662
211 Northeast Michigan	46,818	-	46,818	45,037
Supporting Services -				
Resource development	238,063	-	238,063	215,067
Organizational administration	158,837	-	158,837	157,883
Total Expenses	1,418,254	-	1,418,254	1,387,877
Change in Net Assets	(50,206)	(120,881)	(171,087)	(60,869)
Net Assets at beginning of year	2,064,304	1,546,144	3,610,448	3,671,317
Net Assets at end of year	\$ 2,014,098	\$ 1,425,263	\$ 3,439,361	\$ 3,610,448

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, 2020**

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2019

	Program Services			Total
	Community Impact Services	Direct Services to People	211 Northeast Michigan	
Salaries	\$ 66,962	\$ 43,984	\$ 29,567	\$ 140,513
Payroll taxes	4,919	3,234	2,178	10,331
Employee health and retirement benefits	8,510	9,814	13,027	31,351
	<u>80,391</u>	<u>57,032</u>	<u>44,772</u>	<u>182,195</u>
Allocations to member agencies/ community projects	723,756	-	-	723,756
Prior year donor designations	(53,058)	-	-	(53,058)
Organization grants/community initiatives	36,614	-	-	36,614
Telephone	1,401	638	479	2,518
Postage	14	7	-	21
Office supplies	2,021	921	-	2,942
Mileage	284	-	848	1,132
Insurance	1,525	694	-	2,219
Dues & membership fees	1,229	560	-	1,789
Equipment maintenance	907	413	-	1,320
Occupancy	7,984	2,815	-	10,799
Medications, materials, and direct services	-	77,167	-	77,167
Training & other	2,343	371	-	2,714
Campaign events	-	-	-	-
Campaign printing	-	-	-	-
Campaign supplies	-	-	-	-
Accounting & auditing	-	-	-	-
Advertising	-	-	719	719
Community relations/projects	6,306	-	-	6,306
United Way Worldwide dues	11,299	-	-	11,299
In-kind	-	-	-	-
	<u>742,625</u>	<u>83,586</u>	<u>2,046</u>	<u>828,257</u>
Depreciation	<u>7,488</u>	<u>3,414</u>	<u>-</u>	<u>10,902</u>
Total Functional Expenses	<u>\$ 830,504</u>	<u>\$ 144,032</u>	<u>\$ 46,818</u>	<u>\$ 1,021,354</u>

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

Supporting Services

Resource Development	Organizational Administration	Total	Totals	
			2020	2019
\$ 119,163	\$ 92,611	\$ 211,774	\$ 352,287	\$ 320,277
8,762	6,809	15,571	25,902	23,986
26,587	21,141	47,728	79,079	77,179
<u>154,512</u>	<u>120,561</u>	<u>275,073</u>	<u>457,268</u>	<u>421,442</u>
-	-	-	723,756	687,761
-	-	-	(53,058)	(49,179)
-	-	-	36,614	76,078
1,729	1,341	3,070	5,588	4,883
3,388	14	3,402	3,423	4,027
2,495	1,940	4,435	7,377	8,499
4,388	-	4,388	5,520	5,264
1,882	1,459	3,341	5,560	5,482
1,518	1,941	3,459	5,248	5,335
1,119	870	1,989	3,309	3,854
7,626	5,927	13,553	24,352	24,156
-	-	-	77,167	65,477
1,006	782	1,788	4,502	4,388
14,394	-	14,394	14,394	14,633
18,217	-	18,217	18,217	21,786
11,429	-	11,429	11,429	12,516
-	16,800	16,800	16,800	14,985
-	-	-	719	794
-	-	-	6,306	8,756
-	-	-	11,299	10,941
5,113	-	5,113	5,113	5,818
<u>74,304</u>	<u>31,074</u>	<u>105,378</u>	<u>933,635</u>	<u>936,254</u>
<u>9,247</u>	<u>7,202</u>	<u>16,449</u>	<u>27,351</u>	<u>30,181</u>
<u>\$ 238,063</u>	<u>\$ 158,837</u>	<u>\$ 396,900</u>	<u>\$ 1,418,254</u>	<u>\$ 1,387,877</u>

UNITED WAY OF ST. CLAIR COUNTY

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019**

	2020	2019
Cash Flows From Operating Activities:		
Cash received from contributors	\$ 1,412,347	\$ 1,169,581
Sponsorship of campaign events	26,319	29,254
Allocations paid	(760,370)	(763,839)
Cash paid to suppliers and employees	(663,067)	(559,018)
Interest & dividends	52,697	54,912
Net Cash Provided (Used) by Operating Activities	67,926	(69,110)
Cash Flows From Investing Activities:		
Purchase of capital assets	(14,285)	(1,795)
Net sales (purchases) of investments	7,756	(173,643)
Net Cash Used by Investing Activities	(6,529)	(175,438)
Net increase (decrease) in cash and cash equivalents	61,397	(244,548)
Cash and cash equivalents at beginning of year	254,970	499,518
Cash and cash equivalents at end of year	\$ 316,367	\$ 254,970
Reconciliation of Change in Net Cash Provided (Used) by Operating Activities:		
Change in net assets	\$(171,087)	\$(60,869)
Adjustments to reconcile change in net assets to net cash provided by operating activities -		
Depreciation	27,351	30,181
Unrealized losses on investments	22,668	7,228
Provision for doubtful accounts	27,640	23,121
Change in assets and liabilities:		
Loss of value on beneficial interest in assets held by others	4,384	1,674
Decrease in pledge receivable	113,351	30,440
Increase in other receivable	(24,789)	(8,785)
(Increase) Decrease in beneficial interest in trusts	84,300	(125,000)
(Increase) Decrease in prepaid expenses	(6,720)	4,593
Increase (Decrease) in accounts payable	(33,170)	25,434
Increase (Decrease) in wages and taxes	3,967	(1,663)
Increase in donor designations payable	21,755	3,879
Increase (Decrease) in accrued liability for vacations	(1,724)	657
Net Cash Provided (Used) by Operating Activities	\$ 67,926	\$(69,110)
Supplemental Disclosure of Cash Flow Information:		
Non-cash contributions	\$ 5,113	\$ 5,818

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

UNITED WAY OF ST. CLAIR COUNTY

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2020

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.

Merges Substance Use Treatment Program - Was established through a grant from Steven E. Merges to provide programmatic grants to organizations for substance use treatment programs. The program is restricted to a maximum of \$40,000 of grants per year until funds are exhausted. The Citizens Review Committee oversees the program with the approval of the Board of Directors.

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.

UNITED WAY OF ST. CLAIR COUNTY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

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

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.

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 and U.S. Treasury/Agency Securities, which are recorded at fair value based on quoted market prices.

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 2019-2020 campaign, plus 100% of any amounts remaining due from the 2018-2019 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.

UNITED WAY OF ST. CLAIR COUNTY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

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

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.

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.

UNITED WAY OF ST. CLAIR COUNTY

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020**

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

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, 2019 from which the summarized information was derived.

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, 2022. 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 September 8, 2020, 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	\$ 316,367
Investments	2,061,095
Pledges receivable, net	333,596
Beneficial interest in trusts	40,700
Other receivables	<u>34,293</u>
	2,786,051
Less: Donor restricted assets	588,328
Less: Board designated assets	<u>1,281,318</u>
	<u>\$ 916,405</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.

UNITED WAY OF ST. CLAIR COUNTY

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020**

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, 2020, the Organization had bank balances of \$1,641,958 (including certificates of deposit of \$1,307,463) at financial institutions, of which \$570,696 was covered by depository insurance, with the remaining \$1,071,262 was uninsured and uncollateralized.

At March 31, 2020, investments of the Organization consist of the following:

Money market held by broker	\$	21,460
Mutual funds		631,724
U.S. Treasury/Agency securities		99,987
Certificates of deposit		<u>1,307,924</u>
Total	\$	<u>2,061,095</u>

The Organization had the following return on investment for the year ended March 31, 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
Interest and dividends	\$ 49,846	\$ 2,851
Unrealized loss on investments	<u>(22,668)</u>	<u>-</u>
Total	<u>\$ 27,178</u>	<u>\$ 2,851</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, 2020:

	<u>2018/2019</u>	<u>2019/2020</u>	<u>Total</u>
Pledges receivable	\$ 80,141	\$ 433,596	\$ 513,737
Less: Allowance for uncollectible pledges	<u>(80,141)</u>	<u>(100,000)</u>	<u>(180,141)</u>
Net pledges receivable	<u>\$ -</u>	<u>\$ 333,596</u>	<u>\$ 333,596</u>

NOTE 5 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS:

Beneficial interest in assets held by others of \$28,623 at March 31, 2020 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 Foundation's share of the fund amounted to \$13,584 at March 31, 2020 for a total in the fund at March 31, 2020 of \$42,207.

UNITED WAY OF ST. CLAIR COUNTY

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020**

NOTE 5 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS - (cont'd):

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.

NOTE 6 - LAND, BUILDING, AND EQUIPMENT:

The following is a summary of land, building, and equipment for the year ended March 31, 2020:

Land and Building	\$ 26,694
Building Improvements	362,225
Furniture and Equipment	85,183
Land and Building - Dental Clinic	<u>712,285</u>
	1,186,387
Less - Accumulated depreciation	(<u>453,607</u>)
	<u>\$ 732,780</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.

UNITED WAY OF ST. CLAIR COUNTY

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020**

NOTE 7 - FAIR VALUE MEASUREMENTS - (cont'd):

The following table presents the Organization's fair value hierarchy for the assets and liabilities measured at fair value as of March 31, 2020:

Assets Measured at Fair Value on a Recurring Basis:

	Total	Level 1	Level 2	Level 3
Investments -				
Mutual Funds	\$ 631,724	\$ 631,724	\$ -	\$ -
U.S. Treasury/Agency Securities	99,987	-	99,987	-
	\$ 731,711	\$ 631,724	\$ 99,987	\$ -

The fair value of investments at March 31, 2020, as disclosed above, does not include certificates of deposit 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 at March 31, 2020 was \$1,307,924.

NOTE 8 - BENEFICIAL INTEREST IN TRUSTS:

The Organization is a beneficiary of two irrevocable trusts. The Organization's remaining portion at March 31, 2020 is estimated at \$40,700. The estimated proceeds have been recorded as receivables and contributions 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 \$34,483 for the year ended March 31, 2020.

UNITED WAY OF ST. CLAIR COUNTY

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020**

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, 2020:

Dental Clinic Building	\$ 40,370
Operating Reserve Fund	750,000
Special Initiatives Fund	437,289
Capital-Main Facility Fund	<u>53,659</u>
	<u>\$ 1,281,318</u>

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/Ramps 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/Ramps 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 Ramp portion of the Emergency Needs/Ramps Program is administered by the Collaborative Ramp Committee (representatives from Community Enterprises, Department of Human Services, Stebbins Family Fund, and The ARC of St. Clair County) who reviews diagnostic and financial information to establish individual needs. Ramps are constructed by Community Enterprises' developmentally disabled workers.

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.

UNITED WAY OF ST. CLAIR COUNTY

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020**

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

At March 31, 2020 net assets with donor restrictions are available for the following purposes or periods:

Cancer Services	\$	44,697
Children with Disabilities		31,508
Dental Services		172,063
Emergency Needs/Ramps		127,854
Merges Substance Abuse Treatment		165,147
211 Northeast Michigan		<u>47,059</u>
		588,328
Beneficial Interest in Assets Held by the Community Foundation		28,623
Campaign for 2020 Funding Year		<u>808,312</u>
	\$	<u><u>1,425,263</u></u>

Net assets were released during the year ended March 31, 2020 from with donor restrictions by incurring expenses, satisfying the restricted purposes or by occurrence of other events specified by donors.

Purpose Restriction -		
Cancer Services	\$	2,151
Emergency Needs/Ramps		14,995
Dental Services		60,021
211 Northeast Michigan		46,818
Other Contributions/Grants		<u>35,817</u>
		159,802
Time Restriction -		
Campaign for 2019 funding year		<u>917,830</u>
	\$	<u><u>1,077,632</u></u>

NOTE 14 - ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS:

In addition, in June 2018, the Financial Accounting Standards Board (FASB) issued ASU 2108-08, *Not-for-Profit Entities* (Topic 958). The amendments in this update provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidances (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional.

The Organization adopted these standards as of March 31, 2019 using a full retrospective method of application. The adoption resulted in changes to the disclosure of revenue. There were no changes to the recognition or presentation of revenue as a result of these standards. As a result, no cumulative effect adjustment was recorded upon adoption.

UNITED WAY OF ST. CLAIR COUNTY

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020**

NOTE 15 - SUBSEQUENT EVENT:

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, for part of March, all of April and May, and part of June 2020, which could negatively impact the Organization's ability to collect pledges from donors. The initial impact resulted in the Organization reevaluating the estimate of the allowance for uncollectible pledges; however, it is not possible to estimate the length or severity of this outbreak and hence its financial impact.

SUPPLEMENTARY FINANCIAL INFORMATION

UNITED WAY OF ST. CLAIR COUNTY

**ORGANIZATION GRANTS AND COMMUNITY INITIATIVES
FOR THE YEAR ENDED MARCH 31, 2020 AND 2019**

	Total	
	2020	2019
Allocation of Affiliated Organizations/Community Projects:		
Blue Water Community Action	\$ 8,138	\$ 11,725
Blue Water Hospice	2,973	4,332
Blue Water League of the Blind	674	664
Blue Water Safe Horizons	68,000	76,167
Blue Water WARM	40,000	33,500
Catholic Charities of SE MI	60,000	60,000
Community Enterprises - Ramp	30,000	-
Community First Health Centers	172	-
Comprehensive Youth Services, The Harbor	48,000	43,000
Council on Aging, serving St. Clair County	10,000	10,000
CSCB	5,000	5,000
Detroit Rescue Mission	50,000	45,833
Epilepsy Foundation of Michigan	498	-
Goodwill Industries of St. Clair County	658	975
Girl Scouts-Michigan Waterways Council	12,250	14,375
Hemophilia Foundation of Michigan	100	-
Hunter Hospitality House	12,480	8,400
I.M.P.A.C.T.	-	19,438
Michigan Crossroads BSA	30,940	38,700
Michigan League for Human Services	500	500
Michigan Vocational Rehab - State of MI	60,000	60,000
Mid City Nutrition Program	10,000	-
People's Clinic for Better Health	15,000	11,629
Sanborn Gratiot Memorial Home	12,500	10,625
SONS	16,200	18,000
Special Dreams Farm	242	72
St. Clair County RESA - Imagination Library	45,000	45,000
The ARC of St. Clair County	70,000	70,000
Touchstone Services, Inc. (BW Club House)	31,166	12,826
United Way of St. Clair County Emergency Fund	3,265	-
Visiting Nurses Association	80,000	87,000
	<u>80,000</u>	<u>87,000</u>
 Total Program Allocations by Agency	 <u>\$ 723,756</u>	 <u>\$ 687,761</u>
 Organization Grants/Community Initiatives:		
Blue Water Recovery & Outreach Center (BWROC)	\$ -	\$ 20,400
Community Foundation - "The Big Give"	-	10,000
DHS - Foster Kids OLHS Birthday Program	-	10,500
Difference Makers Mentoring	-	16,342
I.M.P.A.C.T. (Prescription Addiction & BWARM Treatments)	-	636
I.M.P.A.C.T. (Prescription Addiction & Merges Substance Abuse)	-	626
Other Agency Designation Payments- United Ways	36,614	17,574
	<u>36,614</u>	<u>17,574</u>
 Total Expenses From Specific Funds	 <u>\$ 36,614</u>	 <u>\$ 76,078</u>

Although the above information is presented by agency, 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, 2020

Cancer Services Direct to Individuals:

Medical Assistance	\$ 207
Utility Assistance	1,944
Total Cancer Services	<u>2,151</u>

Dental/Oral Surgery Direct Services to Individuals/Misc.:

Dental Needs Expense	<u>14,995</u>
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Emergency Needs Services Direct to Individuals:

Housing/Rent Assistance	12,377
Medical/Vision Assistance	273
Misc. Assistance - Food/Transportation/Plumbing	23,630
Utility Assistance	22,162
Emergency Direct Services to Individuals	<u>58,442</u>
Grants to Community Enterprises for Individuals Ramps/Construction	1,579
Total Emergency Needs Services	<u>60,021</u>

211 Northeast Michigan Services:

Salaries and Benefits	44,772
Other Expenses for Referral Services	2,046
Total 211 Northeast Michigan	<u>46,818</u>

Total Grants From Donor Restricted Programs	<u>\$ 123,985</u>
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