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Certified Public Accountants & Business Consultants

THE UNITED WAY OF YOUNGSTOWN AND THE MAHONING VALLEY

AUDIT OF FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

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REPORT OF INDEPENDENT AUDITORS

BOARD OF TRUSTEES
THE UNITED WAY OF YOUNGSTOWN AND THE MAHONING VALLEY

Report on the Financial Statements

We have audited the accompanying financial statements of The United Way of Youngstown and the Mahoning Valley (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from 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 judgment, 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 Organization'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 Organization'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 Youngstown and the Mahoning Valley as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note B to the financial statements, in 2019 the Organization adopted Financial Accounting Standards Board Accounting Standards Update ("ASU's") No. 2014-09, "*Revenue from Contracts with Customers* (Topic 606)," No. 2018-08, "*Not-for-Profit Entities* (Topic 958) *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*," and No. 2016-18, "*Statement of Cash Flows* (Topic 230) *Restricted Cash*." Our opinion is not modified with respect to these matters.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations 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 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, 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 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 November 11, 2020, on our consideration of The United Way of Youngstown and the Mahoning Valley'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 solely 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 of the effectiveness of The United Way of Youngstown and the Mahoning Valley'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 The United Way of Youngstown and the Mahoning Valley's internal control over financial reporting and compliance.



Canfield, Ohio
November 11, 2020

The United Way of Youngstown and the Mahoning Valley
STATEMENTS OF FINANCIAL POSITION

| ASSETS | December 31, | |
|--|----------------------|---------------------|
| | 2019 | 2018 |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 1,036,223 | \$ 853,212 |
| Cash and cash equivalents--Success by Six | 26,543 | 26,543 |
| Cash and cash equivalents--designated pledges | 122,302 | 125,907 |
| Grant receivable | 409,326 | 426,695 |
| Campaign pledges receivable: | | |
| 2019 Campaign, less allowance for uncollectible pledges (2019--\$125,000) | 833,235 | - |
| 2018 Campaign, less allowance for uncollectible pledges (2019-- \$125,000; 2018--\$125,000) | 58,838 | 932,073 |
| 2017 Campaign, less allowance for uncollectible pledges (2018--\$85,000) | - | 94,967 |
| Total campaign pledges receivable | 892,073 | 1,027,040 |
| Prepaid expenses and other assets | 5,425 | 15,630 |
| Donated vehicle | 25,892 | 24,638 |
| TOTAL CURRENT ASSETS | 2,517,784 | 2,499,665 |
| INVESTMENTS | 7,715,650 | 6,627,696 |
| PROPERTY AND EQUIPMENT | | |
| Land | 14,327 | 14,327 |
| Building and building improvements | 219,352 | 228,920 |
| Furniture and equipment | 182,894 | 231,806 |
| Vehicles | 25,294 | - |
| Total property and equipment | 441,867 | 475,053 |
| Less accumulated depreciation | 382,504 | 433,498 |
| Construction in process | 284,408 | - |
| NET PROPERTY AND EQUIPMENT | 343,771 | 41,555 |
| OTHER ASSETS | | |
| Deposit | 400 | 400 |
| TOTAL ASSETS | \$ 10,577,605 | \$ 9,169,316 |

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

LIABILITIES AND NET ASSETS

December 31,

| | 2019 | 2018 |
|----------------------------------|------------------|------------------|
| CURRENT LIABILITIES | | |
| Designated pledges payable | \$ 1,184,429 | \$ 1,161,549 |
| Allocations payable | 569,473 | 530,425 |
| Deferred revenue | 8,594 | 18,875 |
| Other current liabilities | 84,653 | 48,579 |
| TOTAL CURRENT LIABILITIES | 1,847,149 | 1,759,428 |
| TOTAL LIABILITIES | 1,847,149 | 1,759,428 |

NET ASSETS**WITHOUT DONOR RESTRICTIONS**

Designated by the governing board for:

| | | |
|--|-----------|-----------|
| Stabilization of agencies' funding | 539,000 | 515,200 |
| New programs | - | 26,085 |
| Endowment | 1,724,791 | 1,470,447 |
| Investment in fixed assets (net of depreciation) | 343,771 | 41,555 |
| Undesignated, available for general activities | 3,470,362 | 3,002,766 |

WITH DONOR RESTRICTIONS

2,652,532 2,353,835

TOTAL NET ASSETS

8,730,456 7,409,888

TOTAL LIABILITIES AND NET ASSETS

\$ 10,577,605 \$ 9,169,316

The United Way of Youngstown and the Mahoning Valley
STATEMENTS OF ACTIVITIES

| | Years ended December 31, | | | | | |
|--|-------------------------------|----------------------------|---------------------|-------------------------------|----------------------------|---------------------|
| | 2019 | | | 2018 | | |
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| PUBLIC SUPPORT AND REVENUE | | | | | | |
| Prior-year campaign contribution | \$ 583,719 | \$ - | \$ 583,719 | \$ 833,254 | \$ - | \$ 833,254 |
| Net assets released from restrictions: | | | | | | |
| Prior-year campaign contributions--net | 609,485 | (609,485) | - | 483,474 | (483,474) | - |
| Current-year campaign contributions--net | 755,907 | 544,270 | 1,300,177 | 672,053 | 609,485 | 1,281,538 |
| Contributions in kind | - | 25,892 | 25,892 | - | 24,638 | 24,638 |
| Net campaign revenue | 1,949,111 | (39,323) | 1,909,788 | 1,988,781 | 150,649 | 2,139,430 |
| Grant revenue | 1,298,508 | - | 1,298,508 | 1,000,412 | - | 1,000,412 |
| Interest and dividend income | 95,192 | 25,412 | 120,604 | 146,111 | 30,670 | 176,781 |
| Net gain (loss) on investments | 789,067 | 337,246 | 1,126,313 | (421,522) | (152,195) | (573,717) |
| Miscellaneous income | 2,206 | - | 2,206 | 2,658 | - | 2,658 |
| Net special event income | 338,812 | - | 338,812 | 158,738 | - | 158,738 |
| Net assets released from restrictions: | | | | | | |
| Restricted investment income | 24,638 | (24,638) | - | 32,333 | (32,333) | - |
| TOTAL REVENUE | 4,497,534 | 298,697 | 4,796,231 | 2,907,511 | (3,209) | 2,904,302 |
| FUND DISTRIBUTIONS, SERVICES, DUES AND OTHER EXPENSES | | | | | | |
| Allocations to local agencies | 1,078,553 | - | 1,078,553 | 1,061,691 | - | 1,061,691 |
| Other Corporation expenses: | | | | | | |
| Program services: | | | | | | |
| Planning and community investment | 2,044,092 | - | 2,044,092 | 1,751,015 | - | 1,751,015 |
| Labor | 63,427 | - | 63,427 | 49,089 | - | 49,089 |
| Supporting services: | 2,107,519 | - | 2,107,519 | 1,800,104 | - | 1,800,104 |
| Administration | 46,706 | - | 46,706 | 41,293 | - | 41,293 |
| United Way campaign | 207,490 | - | 207,490 | 205,350 | - | 205,350 |
| Other expense: | 254,196 | - | 254,196 | 246,643 | - | 246,643 |
| United Way National and Ohio membership dues | 35,395 | - | 35,395 | 30,288 | - | 30,288 |
| TOTAL EXPENSES | 3,475,663 | - | 3,475,663 | 3,138,726 | - | 3,138,726 |
| INCREASE (DECREASE) IN NET ASSETS | 1,021,871 | 298,697 | 1,320,568 | (231,215) | (3,209) | (234,424) |
| NET ASSETS AT BEGINNING OF YEAR | 5,056,053 | 2,353,835 | 7,409,888 | 5,287,268 | 2,357,044 | 7,644,312 |
| NET ASSETS AT END OF YEAR | \$ 6,077,924 | \$ 2,652,532 | \$ 8,730,456 | \$ 5,056,053 | \$ 2,353,835 | \$ 7,409,888 |

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

The United Way of Youngstown and the Mahoning Valley
STATEMENTS OF FUNCTIONAL EXPENSES

| | Years ended December 31, | | | | | | | | | | | | | | |
|--|--------------------------|------------------|---------------------|---------------------|-------------------|-----------------------------------|---------------------|--|------------------|---------------------|---------------------|---------------------|-------------------|---------------------|--|
| | 2019 | | | | | | | 2018 | | | | | | | |
| | Program Services | | | Supporting Services | | | | Total Program and Supporting Services Expenses | Program Services | | | Supporting Services | | | Total Program and Supporting Services Expenses |
| Planning and Community Investment | Labor | Total | Administration | United Way Campaign | Total | Planning and Community Investment | Labor | | Total | Administration | United Way Campaign | Total | | | |
| SALARIES AND RELATED EXPENSES: | | | | | | | | | | | | | | | |
| Salaries | \$ 972,968 | \$ 36,171 | \$ 1,009,139 | \$ 31,002 | \$ 139,886 | \$ 170,888 | \$ 1,180,027 | \$ 871,936 | \$ 26,302 | \$ 898,238 | \$ 28,131 | \$ 131,317 | \$ 159,448 | \$ 1,057,686 | |
| Employee benefits | 138,559 | 4,306 | 142,865 | 2,607 | 15,021 | 17,628 | 160,493 | 113,133 | 2,079 | 115,212 | 2,168 | 24,211 | 26,379 | 141,591 | |
| Payroll taxes | 27,154 | 5,585 | 32,739 | 1,880 | 9,398 | 11,278 | 44,017 | 39,577 | 2,238 | 41,815 | 2,394 | 10,340 | 12,734 | 54,549 | |
| TOTAL SALARIES AND RELATED EXPENSES | 1,138,681 | 46,062 | 1,184,743 | 35,489 | 164,305 | 199,794 | 1,384,537 | 1,024,646 | 30,619 | 1,055,265 | 32,693 | 165,868 | 198,561 | 1,253,826 | |
| Community impact programs | 268,019 | - | 268,019 | - | - | - | 268,019 | 259,074 | - | 259,074 | - | - | - | 259,074 | |
| Purchased services | 412,336 | - | 412,336 | - | - | - | 412,336 | 219,380 | - | 219,380 | - | - | - | 219,380 | |
| Office supplies | 76,175 | 779 | 76,954 | 519 | 1,325 | 1,844 | 78,798 | 97,589 | 711 | 98,300 | 653 | 1,518 | 2,171 | 100,471 | |
| Campaign supplies | 22,333 | - | 22,333 | - | 6,686 | 6,686 | 29,019 | 22,333 | - | 22,333 | - | 4,023 | 4,023 | 26,356 | |
| Telephone | 4,458 | 1,216 | 5,674 | 405 | 2,026 | 2,431 | 8,105 | 3,744 | 379 | 4,123 | 406 | 1,753 | 2,159 | 6,282 | |
| Postage and shipping | 1,561 | 424 | 1,985 | 72 | 1,626 | 1,698 | 3,683 | 938 | 31 | 969 | 105 | 781 | 886 | 1,855 | |
| Utilities | 2,601 | 709 | 3,310 | 236 | 1,182 | 1,418 | 4,728 | 3,142 | 318 | 3,460 | 341 | 1,471 | 1,812 | 5,272 | |
| Insurance | 6,691 | 915 | 7,606 | 610 | 1,831 | 2,441 | 10,047 | 5,110 | 414 | 5,524 | 442 | 1,911 | 2,353 | 7,877 | |
| Printing and publications | 17,844 | 276 | 18,120 | 193 | 1,820 | 2,013 | 20,133 | 25,366 | 341 | 25,707 | 289 | 1,037 | 1,326 | 27,033 | |
| Transportation and travel | 16,418 | 198 | 16,616 | 132 | 4,565 | 4,697 | 21,313 | 28,605 | - | 28,605 | 77 | 5,328 | 5,405 | 34,010 | |
| Local meetings | 17,000 | 1,792 | 18,792 | 1,126 | 3,586 | 4,712 | 23,504 | 15,376 | 5 | 15,381 | 1,194 | 2,034 | 3,228 | 18,609 | |
| Rental and maintenance of equipment and building | 23,294 | 5,923 | 29,217 | 1,976 | 8,298 | 10,274 | 39,491 | 20,086 | 2,036 | 22,122 | 2,177 | 9,403 | 11,580 | 33,702 | |
| Membership dues and tuition | 2,839 | 774 | 3,613 | 258 | 1,290 | 1,548 | 5,161 | 105 | 12,351 | 12,456 | - | - | - | 12,456 | |
| Professional fees | 24,380 | 3,319 | 27,699 | 3,433 | 5,617 | 9,050 | 36,749 | 14,792 | 1,368 | 16,160 | 1,463 | 8,288 | 9,751 | 25,911 | |
| Data processing expense | 3,568 | - | 3,568 | 1,214 | - | 1,214 | 4,782 | 3,374 | - | 3,374 | 552 | - | 552 | 3,926 | |
| Miscellaneous expense | 973 | 324 | 1,297 | 417 | 649 | 1,066 | 2,363 | 3,808 | - | 3,808 | 450 | - | 450 | 4,258 | |
| Depreciation | 4,921 | 716 | 5,637 | 626 | 2,684 | 3,310 | 8,947 | 3,547 | 516 | 4,063 | 451 | 1,935 | 2,386 | 6,449 | |
| TOTAL EXPENSES | \$ 2,044,092 | \$ 63,427 | \$ 2,107,519 | \$ 46,706 | \$ 207,490 | \$ 254,196 | \$ 2,361,715 | \$ 1,751,015 | \$ 49,089 | \$ 1,800,104 | \$ 41,293 | \$ 205,350 | \$ 246,643 | \$ 2,046,747 | |

The United Way of Youngstown and the Mahoning Valley
STATEMENTS OF CASH FLOWS

| | Years ended December 31, | |
|---|-----------------------------|---------------------|
| | 2019 | 2018 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 1,320,568 | \$ (234,424) |
| Adjustments to reconcile change in net assets to net cash from operating activities: | | |
| Depreciation | 8,949 | 6,449 |
| Provision for uncollectible pledges | 40,000 | (16,000) |
| (Gain) loss on investments | (1,126,313) | 573,717 |
| Donated vehicle included in contributions | (25,892) | (24,638) |
| Giveaway of campaign vehicle | 24,638 | 22,333 |
| (Increase) decrease in assets: | | |
| Grant receivable | 17,369 | (224,296) |
| Campaign pledge receivables | 94,966 | (84,595) |
| Prepaid expenses and other assets | 10,205 | (10,573) |
| Increase (decrease) in liabilities: | | |
| Accounts payable and accrued expenses | 58,955 | 21,332 |
| Allocations payable | 39,048 | 38,343 |
| Deferred revenue | (10,281) | 18,875 |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 452,212 | 86,523 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of investments | (3,249,991) | (3,680,687) |
| Proceeds from sale of investments | 3,288,350 | 3,192,958 |
| Purchase of property and equipment | (311,165) | (1,962) |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | (272,806) | (489,691) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 179,406 | (403,168) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 1,005,662 | 1,408,830 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$ 1,185,068 | \$ 1,005,662 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE A – NATURE OF OPERATIONS

The United Way of Youngstown and the Mahoning Valley (the Organization) is a non-profit corporation organized on February 10, 1919 under the laws of the State of Ohio principally for the purpose of soliciting donations for charitable purposes. The United Way focuses on the impact model with today's mission to create positive change by collaborating with partners to educate, empower, and support children and families in the Mahoning Valley. The Organization has aligned its funds, resources, partnerships, and programs around the impact areas of early childhood education and emergency services.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "*Revenue from Contracts with Customers* (Topic 606)." The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization's primary sources of revenue are classified as contributions, which is explicitly excluded from the scope of the new guidance. The adoption of this update did not have an impact on the Organization's financial statements.

In June 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-08, "*Not-for-Profit Entities* (Topic 958) *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.*" The amendments in ASU 2018-08 provided guidance on determining whether a transaction should be accounted for as a contribution or as an exchange transaction. It also provided guidance on determining whether a contribution is conditional, and it modified the simultaneous release option currently in U.S. GAAP. The Organization adopted the new standard effective January 1, 2019 on a modified prospective basis. There was no change on opening balances of net assets and no prior period results were restated. The amendments in this ASU also apply to both resources received by a recipient and resources given by a resource provider.

In November 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-18, "*Statement of Cash Flows* (Topic 230) *Restricted Cash.*" The amendments in ASU 2016-18 provide guidance on the cash flow classification and presentation of changes in restricted cash and restricted cash equivalents. The Organization adopted the new standard effective January 1, 2019, the first day of the Organization's fiscal year, using the full retrospective approach.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be a cash equivalent, exclusive of cash and cash equivalents held in brokerage investment accounts.

Designated Pledges

Financial donor contributions designated to a specific agency or impact area without granting variance power to the Organization are not included in campaign revenue but are recorded as a liability to the designated beneficiary.

Pledge Receivables

Pledge receivables are recognized as revenue in the period the contributions are received or promised, whichever is earlier. The Organization uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. The potential risk is limited to the amount recorded in the financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants Receivable

The Organization receives grants from federal and state agencies, as well as from local organizations, to be used for specific purpose. The excess of reimbursable expenditures over cash receipts is included in Grants Receivable.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of activities. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restriction if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Property and Equipment

Property and equipment are recorded at cost, if purchased, or fair value at the date of donation. The Organization has a capitalization policy whereby all additions over \$500 are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Depreciation amounted to \$8,949 and \$6,449 for the years ended December 31, 2019 and 2018, respectively.

Classification of Net Assets

The net assets of the Organization are reported as follows:

Without Donor Restriction represents net assets which are available for general use of the Organization as net assets without donor restriction, as well as Board-designated net assets set aside for future use.

With Donor Restriction represents gifts of cash or other restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Revenue Recognition

Contributions containing donor-imposed restrictions are reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a time or purpose restriction is satisfied, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. When restrictions are met in the same period as the contribution received, the Organization records the contribution revenue as without donor restrictions.

Public Support and Impact Grants to Organizations

Annual campaigns are conducted each fall to raise support for the following year's impact grants to participating agencies and grantees. For the years ended December 31, 2019 and 2018, \$544,270 and \$609,485 of current-year campaign contributions were reported as net assets with donor restrictions. All other campaign contributions are considered net assets without donor restriction for use in the following year and are released from restriction in the current year to the extent of impact grants approved for the following year. Unconditional promises to give are recorded as receivables in the year pledged. Conditional promises to give are recognized only when the conditions on which they depend are substantially met. Promises to give whose eventual use are restricted by the donors are recorded as increases in with donor restrictions. Unconditional promises to give to be collected in future periods are also recorded as an increase in with donor restrictions and reclassified to without donor restrictions when received, unless the donor's intention is to support current-period activities. Contribution income is recognized in the year that the unconditional promise is received.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impact grants payable to agencies and grantees are recorded in the financial statements at the time of approval by the Board of Directors, which is usually in the year of the campaign, by recording an expense and a liability of equal amounts. The Organization may approve multi-year allocations and consider future allocations beyond two years to be conditional based on success of the campaign. As of December 31, 2019 and 2018, the Organization does not have any conditional contributions.

Contributed Services

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services. The Organization received approximately 9,100 and 8,850 volunteer hours during the years ended December 31, 2019 and 2018, respectively.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization's functional classification and allocation policy is based on a review of the Organization's current structure and the identification, reclassification and allocation of certain employee, facility, and departmental expenses, which serve multiple functional areas. Those expenses allocated to Planning and Community Investment program include Success by 6, Dolly Parton Imagination Library, Young Women's Mentorship Initiative, the Volunteer Income Tax Assistance program (V.I.T.A.), and Success After 6. Those expenses allocated to United Way Campaign are those campaign expenses associated with the Organization's fundraising efforts.

Liquidity

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include amounts set aside for long-term investing in the quasi-endowment that could be drawn upon if the governing board approves that action. However, amounts already appropriated from either the donor-restricted endowment or quasi-endowment for general expenditure within one year of the balance sheet date have not been subtracted as unavailable. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

| | | |
|---|----|-------------------|
| Financial assets | | |
| Cash and cash equivalents | \$ | 1,036,223 |
| Cash and cash equivalents – Success by Six | | 26,543 |
| Cash and cash equivalents – designated pledges | | 122,302 |
| Grant receivable | | 409,326 |
| Campaign pledges receivable: | | |
| 2019 Campaign, less allowance for uncollectible pledges | | 833,235 |
| 2018 Campaign, less allowance for uncollectible pledges | | 58,838 |
| Investments | | 7,715,650 |
| Total Financial assets | | <u>10,202,117</u> |
| Less those unavailable for general expenditures within one year | | |
| Cash and cash equivalents – designated pledges | | (122,302) |
| Contractual or donor imposed restrictions: | | |
| Endowments invested in perpetuity | | (1,972,018) |
| Annual campaign income designated for future periods | | (544,271) |
| Other | | (136,243) |
| Board designations: | | |
| Stabilization of agencies' funding | | (539,000) |
| Endowment | | (1,724,791) |
| Financial assets available to meet cash needs for general expenditure within one year | \$ | <u>5,163,492</u> |

Advertising Costs

The Organization expenses advertising costs as incurred. Advertising expense was \$20,134 and \$27,032 in 2019 and 2018, respectively.

Use of Estimates

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

NOTE C – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 2019 and 2018 consist of the following:

| | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|
| Cash and cash equivalents | \$ 1,036,223 | \$ 853,212 |
| Cash and cash equivalents – Success by Six | 26,543 | 26,543 |
| Cash and cash equivalents – designated pledges | 122,302 | 125,907 |
| Total cash and cash equivalents | <u>\$ 1,185,068</u> | <u>\$ 1,005,662</u> |

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE D – PLEDGE RECEIVABLES

Pledge receivables consist of the following as of December 31:

| | 2019 | 2018 |
|---|-------------------|---------------------|
| Pledge receivables- 2019 Campaign | \$ 958,235 | \$ - |
| Pledge receivables- 2018 Campaign | 183,838 | 1,057,073 |
| Pledge receivables- 2017 Campaign | - | 179,967 |
| | 1,142,073 | 1,237,040 |
| Less allowance for uncollectible pledges- 2019 Campaign | 125,000 | - |
| Less allowance for uncollectible pledges- 2018 Campaign | 125,000 | 125,000 |
| Less allowance for uncollectible pledges- 2017 Campaign | - | 85,000 |
| | 250,000 | 210,000 |
| Pledge receivables, net | \$ 892,073 | \$ 1,027,040 |

NOTE E – PLEDGE ALLOCATIONS

The Executive Committee has allocated \$1,078,553 and \$1,061,691 for the years ended December 31, 2019 and 2018, respectively, to the United Way participating agencies for the agencies' 2019-2020 and 2018-2019 operations. The United Way's allocation year is a fiscal year ending June 30.

NOTE F – NET ASSETS WITH DONOR RESTRICTION

Endowment Fund

The Executive Committee of the Organization created an endowment fund consisting of two components: 1) funds without donor restrictions to be directed by the Executive Committee and 2) donor restricted funds to be used for purposes determined by the donor. The purpose of the endowment is to support the mission of the Organization, which is to develop resources for addressing the social needs of the community. The objective of the underlying investments within the endowment fund is to allow for growth of principal balances and to provide an income stream for uses of the Organization. The endowments must not be exposed to undue credit, interest-rate nor foreign exchange risk. Unless otherwise stated in the donor agreement, the Endowment Finance Committee shall select the investment portfolio where the endowments will be invested as described in the Endowment Investment Policy of the Organization.

The Executive Committee defined the distribution policy for the endowment fund components. The board-designated endowment fund shall obtain a principal balance of \$300,000 before the principal can be used. All income, defined as actual income less any fees and excluding any gains or losses on the account, may be paid out annually and the principal of the fund shall not be invaded unless otherwise determined by a two-thirds vote of the Executive Committee. The donor restricted endowment funds are distributed based upon the wishes of the donor and vary for each fund.

The Executive Committee of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring some portion of the donor-restricted endowment to be classified as net assets with donor restrictions. As a result, the Organization classifies as net assets with donor restrictions a) the original value of gifts donated to the permanent endowment, b) the original value of subsequent gifts to the permanent endowment, and c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE F – NET ASSETS WITH DONOR RESTRICTION (continued)

Endowment Net Asset Composition by Type of Fund as of December 31, 2019:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|----------------------------------|-------------------------------|----------------------------|---------------------|
| Donor-restricted endowment funds | \$ - | \$ 2,108,262 | \$ 2,108,262 |
| Board-designated endowment funds | 1,724,791 | - | 1,724,791 |
| TOTAL FUNDS | \$ 1,724,791 | \$ 2,108,262 | \$ 3,833,053 |

Endowment Net Asset Composition by Type of Fund as of December 31, 2018:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|----------------------------------|-------------------------------|----------------------------|---------------------|
| Donor-restricted endowment funds | \$ - | \$ 1,744,350 | \$ 1,744,350 |
| Board-designated endowment funds | 1,470,447 | - | 1,470,447 |
| TOTAL FUNDS | \$ 1,470,447 | \$ 1,744,350 | \$ 3,214,797 |

Changes in Endowment Net Assets for the Years Ended December 31, 2019 and 2018:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|---------------------|
| Endowment net assets--January 1, 2018 | \$ 1,550,353 | \$ 1,873,570 | \$ 3,423,923 |
| Interest and dividends | 51,510 | 30,670 | 82,180 |
| Net (depreciation) (realized and unrealized) | (131,416) | (152,195) | (283,611) |
| Contributions | - | 24,638 | 24,638 |
| Appropriation of endowment assets for expenditure | - | (32,333) | (32,333) |
| Endowment net assets--December 31, 2018 | \$ 1,470,447 | \$ 1,744,350 | \$ 3,214,797 |
| Interest and dividends | 39,670 | 25,412 | 65,082 |
| Net appreciation (realized and unrealized) | 214,674 | 337,246 | 551,920 |
| Contributions | - | 25,892 | 25,892 |
| Appropriation of endowment assets for expenditure | - | (24,638) | (24,638) |
| Endowment net assets--December 31, 2019 | \$ 1,724,791 | \$ 2,108,262 | \$ 3,833,053 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE F – NET ASSETS WITH DONOR RESTRICTION (continued)

A summary of net assets with donor restriction for the years ended December 31, 2019 and 2018 is as follows:

| | December 31, 2019 | December 31, 2018 |
|--|----------------------|----------------------|
| PNC Adler endowment | \$ 230,405 | \$ 193,184 |
| Huntington Andrews endowment | 1,906,964 | 1,581,528 |
| Annual campaign income designated for future periods | 544,271 | 609,485 |
| Campaign car | 25,892 | 24,638 |
| Net assets released from restriction | (55,000) | (55,000) |
| Total | <u>\$ 2,652,532</u> | <u>\$ 2,353,835</u> |

NOTE G – INVESTMENTS

Investments are stated at fair value based on quoted market prices and consist of the following:

| | December 31, 2019 | | December 31, 2018 | |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|
| | Cost | Fair Value | Cost | Fair Value |
| Investments: | | | | |
| Cash & cash equivalents | \$ 321,540 | \$ 321,540 | \$ 262,734 | \$ 262,734 |
| Equities | 2,365,329 | 2,950,821 | 1,690,393 | 1,813,984 |
| Corporate/government bonds | 367,200 | 370,052 | 415,957 | 410,153 |
| Mutual funds | 3,942,927 | 4,073,237 | 4,311,070 | 4,140,825 |
| Total Investments | <u>\$ 6,996,996</u> | <u>\$ 7,715,650</u> | <u>\$ 6,680,154</u> | <u>\$ 6,627,696</u> |

Investment fees for the period ended December 31, 2019 and 2018 were \$54,868 and \$47,680, respectively.

NOTE H – FAIR VALUE MEASUREMENTS

Financial accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The Company has characterized its financial instruments, based on the three levels of the fair value hierarchy, described as follows:

Level 1 fair values are based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 fair value inputs are based on inputs other than quoted prices within Level 1 that are observable for the asset, either directly or indirectly. Observable inputs include quoted market prices in active markets for similar assets, quoted prices in markets that are not active for identical or similar assets and other market observable inputs such as interest rate, credit spread and foreign currency exchange rates observable in the marketplace or derived from market transactions.

Level 3 fair values are based on at least one significant unobservable input for the asset. Level 3 securities contain unobservable market inputs and as a result considerable judgment may be used in determining the fair values.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE H – FAIR VALUE MEASUREMENTS (continued)

Certain investments are measured at fair value using the net asset value (NAV) per share, or its equivalent, as a practical expedient. These investments include commingled funds which may include money market funds, common collective trusts and pooled separate accounts which are typically valued using the NAV provided by the investing agent. The Organization's holdings include money markets. In accordance with accounting guidance, these investments have not been classified in the fair value hierarchy.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018.

Common stock: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at quoted market prices on the last business day of the year.

Money market funds: As a practical expedient, valued at the NAV of shares held at year end.

Corporate Bonds: Valued using pricing models using observable inputs for similar securities. This includes basing value on yields available on comparable securities of issuers with similar credit ratings.

U.S. Government Obligations: Valued on the basis of market valuations primarily furnished by an independent pricing service which employs various evaluation methods, utilizing the most appropriate method of each security. Such market valuations may represent the last quoted price on the securities' major trading exchange, quotes received from dealers or market makers in the relevant securities, or matrix pricing.

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

In accordance with GAAP, investments measured at net asset value as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the following tables are intended to permit reconciliation to the amounts presented in the Statements of Financial Position.

The United Way of Youngstown and the Mahoning Valley

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE H – FAIR VALUE MEASUREMENTS (continued)

The following tables set forth by level, within the fair value hierarchy, the Organization’s assets at fair value as of December 31, 2019 and 2018.

Assets Measured at Fair Value at December 31, 2019 on a Recurring Basis

| Description | Level 1 | Level 2 | Level 3 | Total |
|--|------------------|----------------|----------|----------------------------|
| Investments measured at fair value: | | | | |
| Corporate bonds | \$ - | \$ 370,052 | \$ - | \$ 370,052 |
| Common stocks: | | | | |
| Industrials | 343,772 | - | - | 343,772 |
| Telecommunications | 113,408 | - | - | 113,408 |
| Consumer | 522,687 | - | - | 522,687 |
| Other | 1,970,954 | - | - | 1,970,954 |
| Mutual funds: | | | | |
| Fixed income funds | 1,770,030 | - | - | 1,770,030 |
| Other funds | 2,303,207 | - | - | 2,303,207 |
| Subtotal investments at fair value | 7,024,058 | 370,052 | - | 7,394,110 |
| Investments at net asset value: | | | | |
| Money market | | | | <u>321,540</u> |
| Total | | | | <u>\$ 7,715,650</u> |

Assets Measured at Fair Value at December 31, 2018 on a Recurring Basis

| Description | Level 1 | Level 2 | Level 3 | Total |
|--|------------------|----------------|----------|----------------------------|
| Investments measured at fair value: | | | | |
| Corporate bonds | \$ - | \$ 410,153 | \$ - | \$ 410,153 |
| Common stocks: | | | | |
| Industrials | 198,147 | - | - | 198,147 |
| Telecommunications | 27,937 | - | - | 27,937 |
| Consumer | 282,180 | - | - | 282,180 |
| Other | 1,305,720 | - | - | 1,305,720 |
| Mutual funds: | | | | |
| Fixed income funds | 1,523,515 | - | - | 1,523,515 |
| Other funds | 2,617,310 | - | - | 2,617,310 |
| Subtotal investments at fair value | 5,954,809 | 410,153 | - | 6,364,962 |
| Investments at net asset value: | | | | |
| Money market | | | | <u>262,734</u> |
| Total | | | | <u>\$ 6,627,696</u> |

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE I – DEFINED CONTRIBUTION PLAN

The Organization has a 403(b) defined contribution pension plan covering all eligible employees. Employees may defer up to \$19,000 and \$18,500 of their annual compensation to the plan in 2019 and 2018. The Organization's contributions to the plan are based on 4% of employee wages. Total pension plan contributions were \$20,532 and \$15,772 for the years ended December 31, 2019 and 2018, respectively.

NOTE J – RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Organization occasionally enters into transactions with affiliates of members of its Board of Trustees. These transactions primarily relate to depository and investment relationships with financial institutions.

NOTE K – DEFERRED COMPENSATION AGREEMENT

The Organization entered into a deferred compensation agreement ("the agreement") on May 3, 2017 with the Organization's President. For each year between 2017 and the year the President attains the age of 65 that the President remains in the full-time employ of the Organization for the entire year, the Organization's Personnel Committee will review performance and make a recommendation to the full Board as it relates to a deferred compensation award. The total deferred compensation credited to the President under this agreement will be paid in five equal annual installments, the first of which will be payable within 45 days after the President attains age 65, and the remaining four payments will be payable in annual installments with the payments being made on the month and day that the first installment was made.

NOTE L – CONCENTRATION OF RISK

The Organization maintains its cash in various financial institutions which, at times, may exceed federally insured limits, of \$250,000. The Organization has not experienced any losses from such accounts, and management believes the Organization is not exposed to significant credit risk related to bank deposit accounts. The Organization maintains a major portion of its funds in investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of financial position.

NOTE M – SUBSEQUENT EVENTS

In September 2019, the Organization began a renovation project on their building. In February 2020, employees moved back into their building with renovations substantially completed. Final renovations were completed in September 2020. Management intends to offset the final costs of the project through the solicitation of monetary, material and service donations. Costs accumulated as of the date of the financial statements are disclosed in construction in process within the Statements of Financial Position. At this time, management is in the process of finalizing completed costs of the project.

Subsequent to year end, the outbreak of the COVID-19 virus created a public health emergency, disrupting business activities at all levels. As a result, economic uncertainties have arisen which are likely to negatively impact future operating results. However, the related financial impact and duration cannot be reasonably estimated at this time. The Organization applied for the Payroll Protection Program (PPP) loan administered by the Small Business Administration (SBA), in which they requested and were approved for approximately \$227,200 in funding. Because the final regulations regarding loan forgiveness under the CARES Act have yet to be finalized, management is unable to estimate what portion of the PPP loan, if any, might be forgiven.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE M – SUBSEQUENT EVENTS (continued)

In addition to the PPP loan, in July 2020 the Organization received a grant for \$325,000 to be used for food, food services and food delivery to vulnerable populations due to the COVID-19 public health emergency. The terms of this agreement are July 15, 2020 through November 30, 2020. Any funds that remain unexpended as of November 30, 2020 shall be refunded to the grantor. At this time, management is unable to determine if the full grant funding will be expended.

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through November 11, 2020, which is the date the financial statements were available to be issued.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

BOARD OF TRUSTEES
THE UNITED WAY OF YOUNGSTOWN AND THE MAHONING VALLEY

We have audited 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, the financial statements of The United Way of Youngstown and the Mahoning Valley (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019 and related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated November 11, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The United Way of Youngstown and the Mahoning Valley's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The United Way of Youngstown and the Mahoning Valley's internal control. Accordingly, we do not express an opinion on the effectiveness of The United Way of Youngstown and the Mahoning Valley'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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of The United Way of Youngstown and the Mahoning Valley's 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 purposes 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The United Way of Youngstown and the Mahoning Valley's financial statements are free of 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 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*.

Purposes 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 The United Way of Youngstown and the Mahoning Valley's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The United Way of Youngstown and the Mahoning Valley's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Rachel Thomas". The signature is written in a cursive, flowing style.

Canfield, Ohio
November 11, 2020



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

BOARD OF TRUSTEES
THE UNITED WAY OF YOUNGSTOWN AND THE MAHONING VALLEY

Report on Compliance For Each Major Federal Program

We have audited The United Way of Youngstown and the Mahoning Valley's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The United Way of Youngstown and the Mahoning Valley's major federal programs for the year ended December 31, 2019. The United Way of Youngstown and the Mahoning Valley's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of The United Way of Youngstown and the Mahoning Valley's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The United Way of Youngstown and the Mahoning Valley's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of The United Way of Youngstown and the Mahoning Valley's compliance.

Opinion on Each Major Federal Program

In our opinion, The United Way of Youngstown and the Mahoning Valley 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 December 31, 2019.

Report on Internal Control Over Compliance

Management of The United Way of Youngstown and the Mahoning Valley is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The United Way of Youngstown and the Mahoning Valley's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness The United Way of Youngstown and the Mahoning Valley's 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 purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



Canfield, Ohio
November 11, 2020

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2019

| Federal Grantor/ Pass-through Grantor/ Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Federal Expenditures |
|--|---------------------------|-------------------------------------|-------------------------|
| <u>U.S. Department of Education</u> | | | |
| <u>Passed through by the Ohio Department of Education</u> | | | |
| 21st Century Community Learning Centers | 84.287 | N/A | \$ 111,761 |
| 21st Century Community Learning Centers | 84.287 | N/A | 112,990 |
| 21st Century Community Learning Centers | 84.287 | N/A | 108,922 |
| 21st Century Community Learning Centers | 84.287 | N/A | 94,954 |
| 21st Century Community Learning Centers | 84.287 | N/A | 76,768 |
| 21st Century Community Learning Centers | 84.287 | N/A | 63,351 |
| 21st Century Community Learning Centers | 84.287 | N/A | 74,921 |
| 21st Century Community Learning Centers | 84.287 | N/A | 86,560 |
| 21st Century Community Learning Centers | 85.287 | N/A | <u>69,923</u> |
| Total U. S. Department of Education | | | <u>800,150</u> |
| <u>U.S. Department of Agriculture</u> | | | |
| <u>Passed through by the Ohio Department of Education</u> | 10.558 | N/A | 55,150 |
| <u>U.S. Department of Housing and Urban Development</u> | | | |
| <u>Passed through by the Community Planning & Development Division</u> | 14.218 | N/A | 39,166 |
| <u>U.S. Department of the Treasury</u> | 21.009 | N/A | 42,172 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u>\$ 936,638</u> |

The United Way of Youngstown and the Mahoning Valley
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended December 31, 2019

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of The United Way of Youngstown and the Mahoning Valley under the programs of the federal government for the year ended December 31, 2019. The information in this schedule is presented in accordance with the 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*). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, change in net assets and cash flows of The United Way of Youngstown and the Mahoning Valley.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *Uniform Guidance*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 – INDIRECT COST RATE

The United Way of Youngstown and the Mahoning Valley did not elect to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

The United Way of Youngstown and the Mahoning Valley
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the year ended December 31, 2019

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statement

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? Yes No
- Significant deficiency identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness identified? Yes No
- Significant deficiency identified? Yes None Reported

Type of auditor’s report issued: Unqualified

Any audit findings disclosed required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major programs

| <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> |
|---------------------|---|
| 84.287 | Twenty-First Century Community Learning Centers |

Dollar threshold used to distinguish between type A and type B programs? \$750,000

Auditee qualified as low-risk auditee? Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported for the year ended December 31, 2019.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported for the year ended December 31, 2019.



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