

United Way of Monroe/Lenawee Counties Inc.

Monroe, Michigan

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

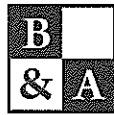
Years Ended June 30, 2020 and 2019

UNITED WAY OF MONROE/LENAWEE COUNTIES INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
YEARS ENDED JUNE 30, 2020 AND 2019

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CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
United Way of Monroe/Lenawee Counties, Inc.  
216 North Monroe Street  
Monroe, MI 48162

I have audited the accompanying financial statements of the United Way of Monroe/Lenawee Counties, Inc. (a non profit corporation), which comprise the statement of financial position as of June 30, 2020 and 2019, 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**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but are not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of Monroe/Lenawee Counties, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the year ended, in conformity with generally accepted accounting principles in the United States of America.

*Bacarella & Associates*

Monroe, Michigan  
November 5, 2020

UNITED WAY OF MONROE/LENAWEE COUNTIES, INC.  
Monroe, Michigan

STATEMENT OF FINANCIAL POSITION  
June 30, 2020 and 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 234,515	\$ 61,722
Pledges receivable ( less allowance for uncollectable pledges)	285,833	370,823
Prepaid expenses	9,929	10,867
Other receivable	28,743	
Grants receivable	8,313	13,532
TOTAL CURRENT ASSETS	<u>567,333</u>	<u>456,944</u>
<b>FIXED ASSETS:</b>		
Land, building and equipment ( at cost less accumulated depreciation)	<u>124,442</u>	<u>136,615</u>
<b>OTHER ASSETS:</b>		
Investments	664,686	841,076
George W. Romney Endowment Fund	51,792	56,424
TOTAL OTHER ASSETS	<u>716,478</u>	<u>897,500</u>
TOTAL ASSETS	<u>\$ 1,408,253</u>	<u>\$ 1,491,059</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 6,484	\$ 2,371
Accrued expenses & other liabilities	9,218	7,241
Paycheck protection program deferred income	43,273	
Deferred revenue	5,000	9,460
Grant payable	19,533	33,063
Community impact payable	30,701	35,701
Allocation payable	448,352	570,612
Donor designation payable	47,396	45,111
TOTAL LIABILITIES	<u>609,957</u>	<u>703,559</u>
<b>NET ASSETS:</b>		
Without donor restrictions:		
Appropriated - Stabilization and emergency	132,862	162,481
- Land, building and equipment	124,442	136,615
- Market accumulation fund	29,872	27,767
Unappropriated	214,504	266,372
	<u>501,680</u>	<u>593,235</u>
With donor restrictions	296,616	194,265
TOTAL NET ASSETS	<u>798,296</u>	<u>787,500</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,408,253</u>	<u>\$ 1,491,059</u>

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

UNITED WAY OF MONROE/LENAWEE COUNTIES, INC.

STATEMENT OF ACTIVITIES  
For the Years Ended June 30, 2020 and 2019

	2020		TOTAL
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	
<b>REVENUES, GAINS AND OTHER SUPPORT:</b>			
Campaign results	\$ 849,677		\$ 849,677
Less: donor designations	(49,959)		(49,959)
Less: allowance for uncollectible pledges	(48,434)		(48,434)
<b>TOTAL CAMPAIGN REVENUE</b>	<b>751,284</b>		<b>751,284</b>
Special events	49,632		49,632
Health Check	3,990		3,990
Grant income	110,722		110,722
Interest and dividends	14,715	\$ 1,131	15,846
Project Ramp revenue	48,962		48,962
Restricted revenue	163,174	105,712	268,886
Paycheck Protection Program revenue	34,299		34,299
Romney Investment Fund income	853		853
Unrealized gain (loss) on investments	6,526		6,526
Gain (loss) on sale of assets	5,090		5,090
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>1,189,247</b>	<b>106,843</b>	<b>1,296,090</b>
<b>ALLOCATIONS AND EXPENSES:</b>			
Functional expenses:			
211 Assistance	25,948		25,948
AFL-CIO CSL program	75,970		75,970
Project ramp	62,587		62,587
Health Check	19,841		19,841
Fund raising	80,574		80,574
Fund distribution	19,614		19,614
Agency relations	20,149		20,149
Community advocacy	109,835		109,835
Administration	143,395		143,395
<b>Total functional expenses</b>	<b>557,913</b>		<b>557,913</b>
Grant expense	111,371		111,371
Special event expenses	153,671		153,671
Allocations to program services	447,352		447,352
Community Impact			
Payment to state organization	4,775		4,775
Payment to national organization	10,212		10,212
<b>TOTAL EXPENSES</b>	<b>1,285,294</b>		<b>1,285,294</b>
<b>CHANGES IN NET ASSETS</b>	<b>(96,047)</b>	<b>106,843</b>	<b>10,796</b>
<b>BEGINNING NET ASSETS</b>	<b>593,235</b>	<b>194,265</b>	<b>787,500</b>
<b>ASSETS RELEASED FROM DONOR RESTRICTED</b>	<b>4,492</b>	<b>(4,492)</b>	
<b>ENDING NET ASSETS</b>	<b>\$ 501,680</b>	<b>\$ 296,616</b>	<b>\$ 798,296</b>

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

2019		
Unrestricted Net Assets	Net Assets With Donor Restrictions	TOTAL
\$ 949,488		\$ 949,488
(48,411)		(48,411)
(87,107)		(87,107)
<u>813,970</u>		<u>813,970</u>
26,596		26,596
11,335		11,335
124,957		124,957
19,393	\$ 1,378	20,771
23,734		23,734
100,730	14,617	115,347
	2,471	2,471
(26,150)		(26,150)
47,791		47,791
<u>1,142,356</u>	<u>18,466</u>	<u>1,160,822</u>
19,118		19,118
77,063		77,063
34,930		34,930
18,217		18,217
88,313		88,313
21,681		21,681
22,478		22,478
105,337		105,337
140,591		140,591
<u>527,728</u>		<u>527,728</u>
125,257		125,257
74,178		74,178
569,112		569,112
10,000		10,000
4,725		4,725
9,416		9,416
<u>1,320,416</u>		<u>1,320,416</u>
(178,060)	18,466	(159,594)
766,793	180,301	947,094
4,502	(4,502)	
<u>\$ 593,235</u>	<u>\$ 194,265</u>	<u>\$ 787,500</u>

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

UNITED WAY OF MONROE/LENAWEE COUNTIES, INC.

STATEMENT OF CASH FLOWS  
For the Years Ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 10,796	\$ (159,594)
Adjustments to reconcile changes in net assets to net cash used by operating activities		
Depreciation	12,173	12,794
Unrealized (gain)loss on investments	(6,526)	26,150
(Gain)loss on sale of investments	(5,090)	(47,791)
(Increase) decrease in pledges receivable	84,990	95,074
(Increase) decrease in other receivable	(28,743)	
(Increase) decrease in grant receivable	5,219	(975)
(Increase) decrease in prepaid expenses	938	(1,398)
Increase (decrease) in accounts payable	4,113	(5,737)
Increase (decrease) in accrued expenses	1,977	800
Increase (decrease) in deferred revenue	38,813	4,460
Increase (decrease) in grant payable	(13,530)	(2,498)
Increase (decrease) in allocations payable	(122,260)	30,554
Increase (decrease) in community impact payable	(5,000)	(5,000)
Increase (decrease) in donor designation payable	2,285	(4,376)
	(19,845)	(57,537)
NET CASH PROVIDED BY(APPLIED TO)OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	263,466	104,240
Purchase of investments	(53,196)	(100,200)
Interest and dividends reinvested	(17,632)	(23,205)
	192,638	(19,165)
NET CASH PROVIDED BY(APPLIED TO) INVESTING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH	172,793	(76,702)
CASH AT BEGINNING OF YEAR	61,722	138,424
CASH AT END OF YEAR	\$ 234,515	\$ 61,722

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



UNITED WAY OF MONROE/LENAAWEE COUNTIES, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2020

	DIRECT SERVICES				DIRECT FUNCTIONS						Totals
	211 Assistance	AFL-CIO CSL Program	Project Ramp	Health Check	Fund Raising	Fund Distribution	Agency Relations	Community Advocacy	Administration		
Salaries	\$ 7,417	\$ 37,464	\$ 16,147	\$ 4,932	\$ 22,133	\$ 9,758	\$ 10,956	\$ 58,393	\$ 77,059	\$ 244,259	
Fringe benefits and Payroll taxes	2,805	18,435	7,576	1,810	8,672	3,828	4,202	22,293	22,468	92,089	
Total Salaries and related expenses	10,222	55,899	23,723	6,742	30,805	13,586	15,158	80,686	99,527	336,348	
Professional services		4,540	567	567	7,094	1,419	1,419	7,094	5,674	28,374	
Supplies		1,090							4,362	5,452	
Subscriptions		65	8	8	102	20	20	102	551	876	
Telephone		1,035	129	129	1,617	323	323	1,617	2,565	7,738	
Postage		345							1,379	1,724	
Utilities		1,304	163	163	2,038	408	408	2,038	1,629	8,151	
Building maintenance & repair		1,267	158	158	1,980	396	396	1,980	1,691	8,026	
Insurance		1,510	189	189	2,360	472	472	2,360	1,888	9,440	
Advertising		350		475	26,440	140	140	1,979	5,301	34,685	
Travel		1,898	364	108	899	749	87	171	6,434	10,710	
Conferences, meetings & dues		633				792	277	758	2,103	4,563	
Lease expense		1,570	196	196	2,454	491	491	2,454	1,963	9,815	
Rent expense			139	139					4,500	4,500	
Other expense		1,115			1,742	348	348	1,742	1,395	6,968	
Sponsored events	15,726	1,401	36,708	10,724				3,811		68,370	
Total expenses before depreciation	25,948	74,022	62,344	19,598	77,531	19,004	19,539	106,792	140,962	545,740	
Depreciation		1,948	243	243	3,043	610	610	3,043	2,433	12,173	
Total expenses	\$25,948	\$75,970	\$62,587	\$19,841	\$80,574	\$19,614	\$20,149	\$109,835	\$143,395	\$557,913	

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

UNITED WAY OF MONROE/LENAWEE COUNTIES, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2019

	DIRECT SERVICES				DIRECT FUNCTIONS				Totals	
	211 Assistance	AFL-CIO CSL Program	Project Ramp	Health Check	Fund Raising	Fund Distribution	Agency Relations	Community Advocacy		Administration
Salaries	\$ 2,655	\$ 36,363	\$ 10,734	\$ 6,165	\$ 27,862	\$ 9,647	\$ 12,089	\$ 53,292	\$ 71,329	\$ 230,136
Fringe benefits and Payroll taxes	1,060	17,252	4,974	2,329	10,742	4,151	4,950	19,974	24,210	89,642
Total Salaries and related expenses	3,715	53,615	15,708	8,494	38,604	13,798	17,039	73,266	95,539	319,778
Professional services		4,006	501	501	6,260	1,252	1,252	6,260	5,007	25,039
Supplies		1,874							7,494	9,368
Subscriptions		221	28	28	346	69	69	346	275	1,382
Telephone		915	114	114	1,429	286	286	1,429	1,347	5,920
Postage		383							1,530	1,913
Utilities		1,434	179	179	2,241	448	448	2,241	1,793	8,963
Building maintenance & repair		1,421	178	178	2,221	444	444	2,221	1,776	8,883
Insurance		1,214	152	152	1,897	379	379	1,897	1,519	7,589
Advertising		310			25,648	588	799	3,845	8,340	39,695
Travel		2,739	407	154	647	2,193	28	886	7,225	14,279
Conferences, meetings & dues		1,768			1,000	620	130	1,277	2,156	6,951
Lease expense		1,372	171	171	2,144	429	429	2,144	1,714	8,574
Rent expense		1,713	214	214	2,677	535	535	2,677	175	175
Other expense	15,403	2,031	17,022	7,611				3,649	2,144	10,709
Sponsored events										45,716
Total expenses before depreciation	19,118	75,016	34,674	17,961	85,114	21,041	21,838	102,138	138,034	514,934
Depreciation		2,047	256	256	3,199	640	640	3,199	2,557	12,794
Total expenses	\$19,118	\$77,063	\$34,930	\$18,217	\$88,313	\$21,681	\$22,478	\$105,337	\$140,591	\$527,728

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

UNITED WAY OF MONROE/LENAWEE COUNTIES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020 and 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ORGANIZATION

The United Way of Monroe/Lenawee Counties, Inc. is organized to serve the people of Monroe and Lenawee Counties, providing leadership and resources to effectively evaluate and address human service needs. The United Way of Monroe/Lenawee Counties, Inc. receives pledges of community support that are allocated to member agencies within the community. Pledges are received through an annual pledge drive. The United Way of Monroe/Lenawee Counties also administers the following direct services:

211 Assistance – Provides information and makes referrals to health and human services in Monroe/Lenawee Counties.

AFL-CIO CSL Program – Encourages active participation by members and affiliated unions in the affairs of the communities and development of relationships with social agencies.

Project Ramp – A project involving Organized Labor's Community Service Program to provide barrier free access to the physically challenged individuals in Monroe/Lenawee Counties.

Health Check – Community health screening program, in partnership with local community groups.

METHOD OF ACCOUNTING

The accompanying financial statements of The United Way of Monroe/Lenawee Counties, Inc. have been prepared on the accrual basis of accounting whereby contributions and revenue are recorded when pledged or earned and expenditures are recorded when incurred.

PLEDGES AND ALLOCATIONS

Annual campaigns are conducted September 1 to November 30 to raise support for allocations to participating agencies in the subsequent fiscal year. All contributions are considered available for unrestricted use unless specifically designated by the donor. Pledges are recorded in the financial statements as pledged and allowances are provided for estimated uncollectible pledges. Allowance for uncollectible pledges is \$80,000 and \$80,000 for years ending June 30, 2020 and 2019, respectively. Allocations are recorded in the financial statements as approved by the Organization and reduced accordingly by anticipated shortages in campaign collections.

FUNCTIONAL EXPENSES

Expenses are charged to each program based on direct expenditures incurred. In addition to direct expenses, certain expenses have been allocated to the programs and supporting services based upon annual employee time study deemed appropriate by the Organization's management.

UNITED WAY OF MONROE/LENAWEE COUNTIES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020 and 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL STATEMENT PRESENTATION

The United Way of Monroe/Lenawee Counties, Inc. reports information regarding its financial position and activities to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

The governing board has designated, from net assets without donor restrictions, net assets for stabilization and energy, market accumulation, and land, building and equipment. Net assets with donor restrictions are 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 donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity.

Net assets without donor restrictions are resources available to support operations and are not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax exempt status.

Net assets with donor restrictions that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

INCOME TAXES

The United Way of Monroe/Lenawee Counties, Inc. is a nonprofit organization and is exempt from federal income tax under IRS Code Section 501(c)(3). The United Way of Monroe/Lenawee Counties, Inc. is licensed by the State of Michigan to solicit charitable contributions in the State of Michigan. The Organization's form 990, Return of Organizations Exempt from Income Tax, is subject to examination by the IRS, generally for three years after filing.

ADVERTISING

Advertising costs are expensed in the year incurred. Advertising costs were \$34,685 and \$39,695 for 2020 and 2019, respectively.

CASH AND CASH EQUIVALENTS

The United Way of Monroe/Lenawee Counties, Inc. considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents for the purpose of the statement of cash flows exclude permanently restricted cash and cash equivalents.

UNITED WAY OF MONROE/LENAWEE COUNTIES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020 and 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**DONATED MATERIALS AND SERVICES**

Donated materials and equipment are reflected as "contributions" in the financial statement at their fair market value at the date of receipt. Donated services are recorded in the statements if an objective basis is available to measure the value of services. A substantial number of volunteers donate significant amounts of their time, however, an objective basis is unavailable to measure the value.

**FAIR VALUES OF FINANCIAL INSTRUMENTS**

All of the investments are classified as Level 1. The following methods and assumptions were used by the United Way of Monroe/Lenawee Counties, Inc. in estimating its fair value disclosures for financial statements:

Cash and Cash Equivalents: The carrying amounts reported in the statement of financial position approximated fair values because of the short maturities of the instruments.

Short-term and Long-term Investments: The fair values of investments are based on quoted market prices for those investments.

**ESTIMATES**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**GRANTS AND OTHER RECEIVABLES**

Grants receivable are recognized for those programs where eligible expenses exceed related cash receipts.

**PREPAID EXPENSES**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

**DEFERRED REVENUE**

The organization records revenue received for events to be held after the end of the fiscal year as deferred revenue. The balance in the deferred revenue account will be recorded as revenue within the next fiscal year.

UNITED WAY OF MONROE/LENAWEE COUNTIES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020 and 2019

NOTE 2: INVESTMENTS

Long-term investments are stated at fair value. Level 1 inputs are used for value based on the published market value on the date of the financial statement. Investments are summarized as follows:

	<u>June 30, 2020</u>		<u>June 30, 2019</u>	
	Cost	Fair Value	Cost	Fair Value
Corporate securities	\$ 241,314	\$ 347,932	\$ 327,243	\$ 327,798
Equities	261,306	281,602	365,986	485,819
Money market funds	35,152	35,152	27,459	27,459
Totals	<u>\$ 537,772</u>	<u>\$ 664,686</u>	<u>\$ 720,688</u>	<u>\$ 841,076</u>

The following summarizes the investment return and its classification in the Statements of Activities for the years ending June 30, 2020 and 2019.

	<u>2020</u>		<u>2019</u>	
	Unrestricted	Restricted	Unrestricted	Restricted
Beginning Fair Value	\$ 735,425	\$ 105,651	\$ 698,467	\$ 104,273
Transfer in (out)	(200,000)			
Reinvested income	16,148	1,484	19,022	1,712
Realized Gain(Loss)	3,272		47,791	
Unrealized Gain(Loss)	6,528		(26,150)	
Investment fees	(3,470)	(352)	(3,705)	(334)
	<u>\$ 557,903</u>	<u>\$ 106,783</u>	<u>\$ 735,425</u>	<u>\$ 105,651</u>

NOTE 3: GRANTS RECEIVABLE / PAYABLE

Community impact grants are approved by the board of directors. The balance in the community impact payable for years ended June 30, 2020 and 2019 is \$30,701 and \$35,701 respectively.

Grant funds were received to be used for Lenawee County Health Check. The balance at June 30, 2020 and 2019 is \$7,834 and \$16,611. Lenawee County Project Ramp allocated is \$11,698 and \$16,452 on June 30, 2020 and 2019, respectively.

NOTE 4: PAYROLL PROTECTION PLAN DEFERRED INCOME

The United Way has received \$77,572 through the Payroll Protection Plan on May 11, 2020. The PPP loan is a forgivable loan from the government and is treated as a government grant. The United Way expects to meet the terms of the loan and applicable requirements for the PPP loan to be forgiven. The United Way has elected to report the proceeds of the loan as income to match the recognized payroll expenses. At June 30, 2020, \$34,299 of the PPP loan is recognized as income. The remaining balance of \$43,273 is reported as deferred PPP revenue at June 30, 2020.

UNITED WAY OF MONROE/LENAWEE COUNTIES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020 and 2019

NOTE 5: COMMUNITY FOUNDATION ENDOWMENT

The United Way of Monroe/Lenawee Counties, Inc. has a permanently endowed fund held within the Community Foundation of Monroe County. The grant was a matching grant whereby the United Way contributions of \$25,000 were placed in the fund with a matching grant from the George W. Romney Foundation. The undistributed income from the endowment fund is considered donor restricted due to time restrictions and held in reserve at the foundation.

George W Romney Endowment Fund

	<u>2020</u>	<u>2019</u>
Restricted Endowment	\$ 52,654	\$ 52,654
Reserve restricted with time restriction	<u>(862)</u>	<u>3,770</u>
Balance	<u>\$ 51,792</u>	<u>\$ 56,424</u>

NOTE 6: DONOR RESTRICTED FUNDS

The United Way of Monroe/Lenawee Counties, Inc. has donor restricted funds at June 30, 2020 and 2019. Funds restricted due to the restriction on the donation or grant purpose. The restricted funds are as follows:

Donor Restricted Funds

Subject to Specific Purpose or Time Restriction

	<u>2020</u>	<u>2019</u>
Romney Fund Reserve		\$ 3,770
Drug Summit Funds	\$ 13,963	14,089
COVID 19 Donations	104,544	
PA 2 Grant	3,074	3,268
MIDAS Program Donation	9,391	9,391
Restricted Grant Funds	<u>6,207</u>	<u>5,441</u>
	<u>\$ 137,179</u>	<u>\$ 35,959</u>

Donor Restricted Endowed Funds

Restricted Investment Fund	\$ 106,783	\$ 105,651
Romney Endowment Fund	<u>52,654</u>	<u>52,654</u>
	<u>\$ 159,437</u>	<u>\$ 158,305</u>

NOTE 7: CONCENTRATION OF RISK

The United Way of Monroe/Lenawee Counties, Inc. had no cash on deposit with a financial institution in excess of the FDIC insured amount at June 30, 2020 and 2019. The investments are deposited through the wealth management department of the First Merchants Bank, whereby bank assets are pledged to cover this balance.

UNITED WAY OF MONROE/LENAWEE COUNTIES, INC.  
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NOTE 7: CONCENTRATION OF RISK (CONTINUED)

In March of 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. The financial effect of reduced operations in local businesses and slowdown and closures due to quarantines is unknown at this time. The pandemic may impact the operating results in future periods. The adverse impact cannot be measured at this time.

NOTE 8: FRINGE BENEFITS

The United Way of Monroe/Lenawee Counties, Inc. supports a SEP-IRA plan, a group life insurance plan, and a disability plan administered by Mutual of America for all full time employees with two or more years of service. Contributions are at 8% of gross wages for the pension plan, and vary on a monthly basis for the group life and disability plans. Total pension expense for the years ending June 30, 2020 and 2019 was \$13,732 and \$13,300, respectively.

NOTE 9: COMPENSATED ABSENCES

The amount of unused vacation and personal pay with its related fringes was \$19,561 and \$13,978 as of June 30, 2020 and 2019, respectively. Employees may seek reimbursement for a portion of their accumulated compensated absences under certain conditions as outlined in the United Way of Monroe/Lenawee Counties, Inc. policy and procedures manual. These amounts are not accrued in the financial statements.

NOTE 10: RELATED PARTIES

In accordance with the agreement the United Way of America, Inc., membership payments in the financial statements were based on three-quarters of one percent of the United Way of Monroe/Lenawee Counties, Inc. annual campaign support, less shrinkage and adjustments made for the funds sent to other communities through the donor involvement program (reciprocity). Support payments for the years ending June 30, 2020 and 2019 were \$10,212 and \$9,416, respectively. Payments made to the United Way of Michigan for the year ended June 30, 2020 and 2019 were \$4,775 and \$4,725, respectively.



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NOTE 11: OPERATING LEASE

The operating leases for the United Way of Monroe/Lenawee Counties, Inc. are for office machines. Rental expense for the years ended June 30, 2020 and 2019 was \$8,574 and \$9,069, respectively. Minimum lease payments are as follows:

<u>Year</u>	<u>2020</u>	<u>2019</u>
2019-2020		\$ 8,626
2020-2021	\$ 8,235	8,626
2021-2022	8,235	4,601
2022-2023	8,235	1,726
2023-2023	8,235	1,726
2024-2025	<u>3,256</u>	
	<u>\$ 36,196</u>	<u>\$ 25,305</u>

NOTE 11: EQUIPMENT AND DEPRECIATION

Depreciation of buildings and equipment is provided on a straight-line basis over estimated useful lives of the assets. The Organization uses the direct expensing method to account for any planned major maintenance activities. Purchases of equipment in excess of \$500 are capitalized. As of June 30, 2020 and 2019, the costs of such assets were as follows:

	<u>2020</u>	<u>2019</u>
Land	\$ 17,500	\$ 17,500
Building and improvements	226,892	226,892
Building renovation	113,158	113,158
Ramp inventory	31,600	31,600
Furniture and equipment	<u>108,588</u>	<u>108,588</u>
Total	497,738	497,738
Less accumulated depreciation	<u>(373,296)</u>	<u>(361,123)</u>
Net	<u>\$ 124,442</u>	<u>\$ 136,615</u>

The estimated useful lives are summarized as follows:

Building and improvements	5-39 years
Ramp inventory	15 years
Furniture and equipment	5-10 years

Depreciation expense for the years ending June 30, 2020 and 2019 was \$12,173 and \$12,794 respectively.

NOTE 12: SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 5, 2020, the date on which the financial statements were available to be issued.