

GREATER OTTAWA COUNTY
UNITED WAY, INC.

FINANCIAL STATEMENTS

MARCH 31, 2022 AND 2021



**Greater Ottawa County
United Way**

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Independent Auditor's Report

August 2, 2022

To the Board of Directors
Greater Ottawa County United Way, Inc.
Holland, Michigan

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Greater Ottawa County United Way, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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


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

Report on 2022 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of program expenses on page 18 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.

Report on Summarized Comparative Information

The financial statements of Greater Ottawa County United Way as of March 31, 2021 were audited by Ferris, Busscher & Zwiars P.C. who merged with Hungerford Nichols CPAS + Advisors as of May 1, 2022 and they expressed an unmodified audit opinion on those financial statements in their report dated September 23, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountants
Holland, Michigan

GREATER OTTAWA COUNTY
UNITED WAY, INC.

FINANCIAL STATEMENTS

MARCH 31, 2022 AND 2021



**Greater Ottawa County
United Way**

GREATER OTTAWA COUNTY UNITED WAY, INC.
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2022 AND 2021

	2022	2021
Assets		
Current assets:		
Cash and equivalents	\$ 359,399	\$ 305,554
Restricted cash and equivalents	497,261	409,264
Investments	384,714	465,905
Receivables:		
Campaign pledges, net of allowance	849,811	794,302
Grants receivable, net of discount	75,000	175,000
Other pledges	91,156	89,266
Inventory	157,500	157,500
Prepaid expenses	31,223	41,059
Total current assets	2,446,064	2,437,850
Grants receivable, net of current portion and discount	-	75,000
Buildings, leasehold improvements and equipment, net	227,969	243,958
Beneficial interest in assets held by others	536,370	523,499
Total assets	\$ 3,210,403	\$ 3,280,307
 Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 35,728	\$ 58,687
Accrued payroll	7,508	16,135
Designations payable	221,556	279,089
Deposits	75,000	75,000
Total current liabilities	339,792	428,911
Loan payable, PPP	-	232,500
Total liabilities	339,792	661,411
Net assets:		
Without donor restrictions	1,448,539	1,165,330
With donor restrictions	1,422,072	1,453,566
Total net assets	2,870,611	2,618,896
Total liabilities and net assets	\$ 3,210,403	\$ 3,280,307

See notes to financial statements

GREATER OTTAWA COUNTY UNITED WAY, INC.
STATEMENTS OF ACTIVITIES
YEAR ENDED MARCH 31, 2022 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2021

	Without Donor Restrictions	With Donor Restrictions	Total 2022	Total 2021
Revenues, Gains and Other Support				
Gross campaign 2019	\$ -	\$ -	\$ -	\$ 94,828
Gross campaign 2020	190,131	-	190,131	2,344,244
Less donor designations	-	-	-	(312,597)
Less allowance for uncollectible pledges	-	-	-	(197,323)
Net campaign 2020	<u>190,131</u>	<u>-</u>	<u>190,131</u>	<u>1,834,324</u>
Gross campaign 2021	-	2,059,749	2,059,749	-
Less donor designations	-	(173,038)	(173,038)	-
Less allowance for uncollectible pledges	-	(94,336)	(94,336)	-
Net campaign 2021	<u>-</u>	<u>1,792,375</u>	<u>1,792,375</u>	<u>-</u>
2020 campaign released from restrictions	993,501	(993,501)	-	-
2021 campaign released from restrictions	896,162	(896,162)	-	-
Total net campaign	<u>2,079,794</u>	<u>(97,288)</u>	<u>1,982,506</u>	<u>1,929,152</u>
Other revenues, gains and support:				
Investment income, bank investments	28,338	-	28,338	114,167
Beneficial interest income	25,829	-	25,829	135,776
Administrative fees	6,098	-	6,098	28,725
Grants and bequests, net of discount	220,878	184,910	405,788	205,758
Gain on extinguishment of debt	232,500	-	232,500	-
Other income	182,323	-	182,323	166,510
Contracted support	1,148,915	-	1,148,915	1,013,458
In-kind contributions	36,796	-	36,796	56,002
Rental income	6,800	-	6,800	2,100
Released form restrictions	119,116	(119,116)	-	-
Total net campaign, other revenues, gains, and support	<u>4,087,387</u>	<u>(31,494)</u>	<u>4,055,893</u>	<u>3,651,648</u>
Expenses				
Program services:				
Allocations	623,439	-	623,439	784,897
Designations	173,038	-	173,038	312,597
Other program services	1,992,376	-	1,992,376	1,731,995
Total program services	<u>2,788,853</u>	<u>-</u>	<u>2,788,853</u>	<u>2,829,489</u>
General and administrative	661,242	-	661,242	543,712
Fundraising	354,083	-	354,083	295,869
Total expenses	<u>3,804,178</u>	<u>-</u>	<u>3,804,178</u>	<u>3,669,070</u>
Change in net assets	283,209	(31,494)	251,715	(17,422)
Allegan County United Way acquisition	-	-	-	1,009,804
Net assets at beginning of year	<u>1,165,330</u>	<u>1,453,566</u>	<u>2,618,896</u>	<u>1,626,514</u>
Net assets at end of year	<u>\$ 1,448,539</u>	<u>\$ 1,422,072</u>	<u>\$ 2,870,611</u>	<u>\$ 2,618,896</u>

See notes to financial statements

GREATER OTTAWA COUNTY UNITED WAY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2022 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2021

	Program Services	General and Administrative	Fundraising	Total 2022	Total 2021
Salaries and related expenses:					
Salaries	\$ 962,459	\$ 322,857	\$ 141,581	\$ 1,426,897	\$ 1,305,747
Payroll taxes, insurance and retirement	343,206	104,964	53,547	501,717	405,467
Total salaries and related expenses	<u>1,305,665</u>	<u>427,821</u>	<u>195,128</u>	<u>1,928,614</u>	<u>1,711,214</u>
Operating expenses:					
Advertising	60,071	14,424	35,072	109,567	97,931
Conferences, conventions and meetings	13,079	735	310	14,124	5,330
Contract labor	27,419	53,441	34,548	115,408	56,656
Equipment maintenance and expense	56,439	44,718	37,007	138,164	68,786
Events	71,215	-	6,885	78,100	15,858
Imagination library	81,452	-	-	81,452	19,598
Initiatives	166,668	-	-	166,668	222,195
Insurance	10,021	7,057	3,562	20,640	14,755
Lakeshore Housing Alliance	-	-	-	-	7,772
Membership dues	20,862	18,553	6,887	46,302	45,589
Mileage	6,014	3,676	639	10,329	8,185
Miscellaneous	10	16,837	58	16,905	14,499
Occupancy	37,939	12,714	12,648	63,301	56,752
Postage and shipping	2,582	3,878	2,891	9,351	5,791
Printing and publications	15,626	97	10,628	26,351	14,344
Professional fees	-	23,583	-	23,583	15,718
Repairs and maintenance	1,146	352	352	1,850	-
Responsive grant fund	42,500	-	-	42,500	100,000
Special projects	64,827	-	-	64,827	45,178
Supplies	810	4,623	501	5,934	4,286
Telephone	8,031	6,366	3,636	18,033	11,596
Total operating expenses	<u>686,711</u>	<u>211,054</u>	<u>155,624</u>	<u>1,053,389</u>	<u>830,819</u>
Campaign expenses:					
Allocations	623,439	-	-	623,439	784,897
Designations	173,038	-	-	173,038	312,597
Campaign expenses	-	-	3,331	3,331	8,757
Total campaign expenses	<u>796,477</u>	<u>-</u>	<u>3,331</u>	<u>799,808</u>	<u>1,106,251</u>
Depreciation	<u>-</u>	<u>22,367</u>	<u>-</u>	<u>22,367</u>	<u>20,786</u>
Total functional expenses	<u>\$ 2,788,853</u>	<u>\$ 661,242</u>	<u>\$ 354,083</u>	<u>\$ 3,804,178</u>	<u>\$ 3,669,070</u>

See notes to financial statements

GREATER OTTAWA COUNTY UNITED WAY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2022 AND 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ 251,715	\$ (17,422)
Noncash items included in change in net assets:		
Depreciation	22,367	20,786
Unrealized gain on investments and beneficial interests	(19,674)	(214,673)
Realized gain on investments and beneficial interests	(14,153)	(23,219)
Dividend and interest income from investments and beneficial interests, net	(10,728)	(14,122)
Gain on extinguishment of debt	(232,500)	-
Allegan County United Way acquisition	-	456,325
Changes in operating assets and liabilities:		
Decrease in accounts receivable, inventory and prepaid expenses	127,437	198,525
Decrease in accounts payable, accrued liabilities and designations payable	(89,119)	(107,964)
Net cash provided by operating activities	<u>35,345</u>	<u>298,236</u>
Cash Flows from Investing Activities		
Proceeds from sale of investments, net	112,875	14,561
Purchase of office equipment	<u>(6,378)</u>	<u>(1,759)</u>
Net cash provided by investing activities	106,497	12,802
Cash Flows from Financing Activities		
Borrowing, loan payable, PPP	-	232,500
Net cash provided by financing activities	<u>-</u>	<u>232,500</u>
Net increase in cash, cash equivalents and restricted cash	141,842	543,538
Cash, cash equivalents and restricted cash balance at beginning of year	<u>714,818</u>	<u>171,280</u>
Cash, cash equivalents and restricted cash balance at end of year	<u>\$ 856,660</u>	<u>\$ 714,818</u>
Other Cash Flow Information		
Cash and equivalents	\$ 359,399	\$ 305,554
Restricted cash and equivalents	<u>497,261</u>	<u>409,264</u>
Total cash, cash equivalents and restricted cash	<u>\$ 856,660</u>	<u>\$ 714,818</u>

See notes to financial statements

GREATER OTTAWA COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

1. Nature of Organization and Summary of Significant Accounting Policies

General

Greater Ottawa County United Way, Inc. is a non-profit organization dedicated to increasing the organized capacity of people to care for one another. Through the Organization's Community Investment program, financial support is provided to approximately sixty member agencies to fund their own programs. These agencies' programs provide basic services (food, clothing, shelter), substance abuse counseling, domestic violence counseling, day care services, in-home care for the elderly, employment assistance for disabled persons, and much more.

The Organization is affiliated with United Way Worldwide and engages in collaborative efforts with other local United Ways. It is important to note that a founding principle of the United Way movement is local autonomy and the value of local citizens making decisions to meet local needs. United Way Worldwide has no governing or legal responsibility of local United Ways, and acts as a coordinating and advisory body.

Fiduciary Responsibilities

The Organization is the fiduciary for several community initiatives, including the Lakeshore Housing Alliance, the Housing Initiative and Housing Next. As part of the fiduciary duties the Organization is responsible for administering nearly one million dollars of grant funding. All revenues and expenses for these programs have been included on the Organization's statements of activities and statements of functional expenses.

The Organization began a fiduciary relationship with Ottawa Community Schools Network during the year ended March 31, 2020 (see note 14). All revenues and expenses for this program has been included on the Organization's statements of activities and statements of functional expenses.

The Organization maintains a fiscal sponsorship with the following programs within the community: Recovery Fest, Ottawa Food, Adult Learning Center, Grand Haven Hispanic Heritage Fiesta and The Gathering. The Organization receives funds on behalf of these projects and pays invoices with the funds received. The Organization has variance power over the funds for these projects and has included the cash asset of each of these programs on the Organization's statements of financial position. All revenues and expenses for these programs have been included on the Organization's statements of activities. The Organization retains a small administration fee for these projects, at the discretion of management.

Basis of Accounting

The Organization prepares its financial statements using the accrual basis of accounting and accounting principles generally accepted in the United States of America.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the Organization, the environment in which it operates, the purpose specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

GREATER OTTAWA COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions. The Organization's unspent contributions are included in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

Cash and Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents, not including money market accounts which are included in investments for financial reporting purposes.

The Organization occasionally maintains deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

Restricted Cash and Equivalents

The Organization serves as the fiduciary for several initiatives. A portion of the funds received for these initiatives are restricted along with the donor restrictions of other donations received. The Organization has the following restricted funds at March 31:

	2022	2021
Grand Haven Hispanic Heritage Fiesta	\$ 51,250	\$ 18,477
The Gathering	890	1,665
Adult Learning Center	465	1,716
Recovery Fest	3,733	3,409
Ottawa Food	16,739	10,987
Ottawa Community Schools Network	27,337	-
Housing Initiative	145,217	137,717
Housing Next	229,656	118,432
Community Assessment	-	25,715
Imagination Library	-	69,172
Funds held for program expenses	<u>21,974</u>	<u>21,974</u>
Total restricted cash and equivalents and investments	<u>\$ 497,261</u>	<u>\$ 409,264</u>

GREATER OTTAWA COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are required to be measured at fair value in the statements of financial position.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. The majority of the promises to give are received from a broad base of Allegan and Ottawa County contributors as a result of the annual campaign. An allowance for uncollectible promises is provided based on management's evaluation of the percent of total campaign revenue that will not be collected.

The following is a schedule of unconditional campaign promises to give as of March 31:

	2022	2021
Receivable in less than one year	\$ 1,044,818	\$ 1,234,312
Allowance for uncollectible promises to give, 2021 campaign	(94,336)	-
Allowance for uncollectible promises to give, 2020 campaign	(100,671)	(197,323)
Allowance for uncollectible promises to give, 2019 campaign	<u>-</u>	<u>(242,687)</u>
Net unconditional campaign promises to give	<u>\$ 849,811</u>	<u>\$ 794,302</u>

The following is a schedule of unconditional grant promises to give as of March 31:

	2022	2021
Receivable in less than one year	\$ 75,000	\$ 175,000
Receivable in one to five years	<u>-</u>	<u>75,000</u>
Total unconditional grant promises to give	75,000	250,000
Discounted to present value based on a discount rate of 0%	<u>-</u>	<u>-</u>
Net unconditional grant promises to give	<u>\$ 75,000</u>	<u>\$ 250,000</u>

Inventory

The Organization received a donation of various new, non-damaged goods from a retailer. The donated items are recorded at fair value, which is estimated based on the average selling price for merchandise. The Organization plans to distribute these items to individuals and other organizations at no cost. Subsequent to year end, the Organization donated the inventory to other local nonprofits.

Buildings, Leasehold Improvements and Equipment

Buildings, leasehold improvements and equipment are carried at cost and the provision for depreciation is computed on the straight-line method over the estimated useful lives of the assets. Fixed assets that have a useful life over one year are capitalized.

GREATER OTTAWA COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statements of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Contributions

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 reported in the statements of activities as net assets released from restrictions.

Revenue Recognition

The Organization has entered into multiple service contracts with customers. Revenue for these contracts is recognized as the performance obligations are met. This occurs over a period of time as services are performed. No revenue is recognized in the current fiscal year for services to be performed after year end as part of the contract.

Donated Materials and Services

The value of donated services included in the financial statements and the corresponding expenses for the years ended March 31 are as follows:

	2022	2021
Advertising	\$ 12,000	\$ 32,800
Events	7,375	3,036
Office space	<u>17,421</u>	<u>20,166</u>
Total in-kind contributions	<u>\$ 36,796</u>	<u>\$ 56,002</u>

Numerous individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments. No amounts have been reflected in the financial statements for these services because they did not meet the criteria for recognition under FASB ASC 958-605-20, nor is a value for these services readily determined.

GREATER OTTAWA COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Tax Exempt Status

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and therefore, is not subject to federal or state income tax.

The Organization evaluates tax positions taken on its federal Exempt Organization Business Income Tax Returns in accordance with accounting principles generally accepted in the United States of America, which require that tax positions taken be more-likely-than-not to be sustained. Management believes that the Organization has no significant unrecognized tax benefits under that criteria. Penalties and interest, if any, assessed by income taxing authorities are included in operating expenses. The Organization's federal Exempt Organization Business Income Tax Returns are generally subject to examination by taxing authorities for three years after they were filed.

Estimates

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

Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statements of activities and statements of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

Payroll and related expenses are allocated based on activity reports generated by the Organization's management.

Occupancy and depreciation are allocated on a square foot basis dependent on the programs and supporting activities occupying the space.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with its other activities.

Advertising Costs

The Organization expenses all advertising costs as incurred. Advertising expense was \$109,567 and \$97,931 for the years ended March 31, 2022 and 2021, respectively.

GREATER OTTAWA COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Subsequent Events

The Organization's management has evaluated events through August 2, 2022, the date on which the financial statements were available to be issued.

The financial statements include certain prior year summarized comparative information that does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended March 31, 2021, from which the summarized information was derived.

2. Acquisition of Allegan County United Way

Effective January 1, 2021, the Greater Ottawa County United Way, Inc. (GOCUW) acquired the net assets and operations of Allegan County United Way (ACUW) under a Plan of Merger agreement. ACUW ceased operations and corporate existence and transferred all remaining assets and liabilities based upon a certificate of merger filed with the Michigan Secretary of State on February 16, 2021. The intent of the agreement is to improve efficiencies by pooling resources while continuing to serve communities of the greater Ottawa and Allegan counties. No significant adjustments were made to conform to the accounting policies of the organizations. The Organization did not transfer any consideration to Allegan County United Way as part of this transaction. The agreement has characteristics of both a merger and an acquisition as outlined in Statement of Financial Accounting Standards No. 164. GOCUW amended its bylaws and formed a new governing board as part of the Plan of Merger agreement. However, ACUW was dissolved and GOCUW remains as the surviving organization. The activity of ACUW has been rolled into GOCUW operations. Therefore, management has determined that the acquisition method is the appropriate accounting method to record the agreement.

The adjustment to net assets at January 1, 2021 consisted of the following:

Assets	
Cash	\$ 456,325
Receivables, net	205,785
Inventory	157,500
Other current assets	12,068
Fixed assets, net	200,751
Other assets	<u>103,569</u>
Total assets	<u>\$ 1,135,998</u>
Liabilities	
Payables	\$ 126,194
Net assets	<u>1,009,804</u>
Total liabilities and net assets	<u>\$ 1,135,998</u>

GREATER OTTAWA COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of March 31 are:

	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 856,660	\$ 714,818
Investments	384,714	465,905
Accounts receivable	91,156	89,266
Pledges receivable	849,811	794,302
Grants receivable	75,000	250,000
Beneficial interest in assets held by others	<u>536,370</u>	<u>523,499</u>
Total financial assets	<u>2,793,711</u>	<u>2,837,790</u>
Less financial assets held to meet donor-imposed restrictions:		
Time restricted net assets (note 12)	(75,000)	(250,000)
Purpose restricted net assets (note 12)	(497,261)	(409,264)
Less beneficial interest in assets held by others:		
Investments	<u>(514,915)</u>	<u>(502,559)</u>
Total available for general expenditures within one year	<u>\$ 1,706,535</u>	<u>\$ 1,675,967</u>

The above table reflects the Organization's financial assets as of March 31, 2022 and 2021, reduced by amounts not available for general use because of contractual, donor-imposed or time restrictions within one year. The Organization's beneficial interest in assets held by others is investments held with the Grand Haven Area Community Foundation and the Allegan County Community Foundation. The Organization is allowed to withdrawal 4% of a three-year rolling average of the three most recent December 31 fund balances. The Organization may request additional funds above the 4% if funds are needed for a capital expenditure or if the Organization incurs an unexpected loss.

4. Buildings, Leasehold Improvements and Equipment

The capitalized value of buildings, leasehold improvements and equipment, and related accumulated depreciation, at March 31 are as follows:

	2022	2021
Land	\$ 56,086	\$ 56,086
Building	257,696	257,696
Leasehold improvements	11,425	11,425
Office equipment	<u>205,273</u>	<u>200,792</u>
Total buildings, leasehold improvements and equipment	530,480	525,999
Accumulated depreciation	<u>(302,511)</u>	<u>(282,041)</u>
Buildings, leasehold improvements and equipment, net	<u>\$ 227,969</u>	<u>\$ 243,958</u>

Depreciation expense for the years ended March 31, 2022 and 2021 was \$22,367 and \$20,786, respectively.

GREATER OTTAWA COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

5. Beneficial Interest in Assets Held by Others

The following was recorded on the Organization's statements of financial position as of March 31 and is being held at the Grand Haven Area Community Foundation and the Allegan County Community Foundation:

	2022	2021
Volunteer Center Endowment Fund – Ottawa	\$ 400,656	\$ 393,569
Volunteer Center Designated Fund – Ottawa	27,523	26,361
Volunteer Center Endowment Fund – Allegan	55,643	53,265
United Way Agency Endowment Fund – Allegan	<u>52,548</u>	<u>50,304</u>
Total beneficial interest in assets held by others	<u>\$ 536,370</u>	<u>\$ 523,499</u>

The Foundation has legal ownership of these assets and has the right to redirect the return to another beneficiary without the approval of the donor, the Organization, or any other party if distributions to the Organization become unnecessary, impossible, or inconsistent with the needs of the community. All distributions in excess of the annual 4% rolling-balance must be requested by the Organization and approved by the Foundation's board of trustees.

6. Fair Values of Assets

The Organization adopted the Financial Accounting Standards Board's (FASB) standard regarding Fair Value Measurements. The standard establishes 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. Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets valued using level 3 inputs are based on pricing models, discounted cash flow methodologies or similar techniques where at least one significant model assumption or input is unobservable. Level 3 financial instruments also include those for which the determination of fair value requires significant management judgment or estimation. Valuation techniques utilized to determine fair values are consistently applied.

Following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at March 31, 2022 and 2021.

Money market and mutual funds: Valued based on quoted net asset values (NAV) of the shares held by the Organization on the last business day of the year.

Beneficial interest: The fair value of our beneficial interest in assets held by the community foundation is based on the fair value of fund investments as reported by the community foundation. These are considered to be Level 3 measurements.

GREATER OTTAWA COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

6. Fair Values of Assets (Continued)

Fair Value Measurements Using:

March 31, 2022	Fair Value	Quoted Prices in Active Markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Money market fund	\$ 4,403	\$ 4,403	\$ -	\$ -
Mutual funds				
Fixed income	145,167	145,167	-	-
Equity	227,560	227,560	-	-
Real estate investment trusts	7,584	7,584	-	-
Beneficial interest				
Allegan County				
Community Foundation	108,191	-	-	108,191
Grand Haven Area				
Community Foundation	<u>428,179</u>	<u>-</u>	<u>-</u>	<u>428,179</u>
Total	<u>\$ 921,084</u>	<u>\$ 384,714</u>	<u>\$ -</u>	<u>\$ 536,370</u>
 March 31, 2021				
Money market fund	\$ 12,177	\$ 12,177	\$ -	\$ -
Mutual funds				
Fixed income	171,535	171,535	-	-
Equity	273,918	273,918	-	-
Real assets	8,275	8,275	-	-
Beneficial interest				
Allegan County				
Community Foundation	103,569	-	-	103,569
Grand Haven Area				
Community Foundation	<u>419,930</u>	<u>-</u>	<u>-</u>	<u>419,930</u>
Total	<u>\$ 989,404</u>	<u>\$ 465,905</u>	<u>\$ -</u>	<u>\$ 523,499</u>

Level 3 investments include pooled funds managed by Grand Haven Area Community Foundation and Allegan County Community Foundation on behalf of the Organization. The following is a summary of the activity of the level 3 investments as of March 31:

GREATER OTTAWA COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

6. Fair Values of Assets (Continued)

	2022	2021
Fair value, beginning	\$ 523,499	\$ 296,647
Ordinary income	9,994	6,604
Investment income:		
Realized	14,153	23,219
Unrealized	8,830	109,598
Acquisition	-	103,569
Management fees	(7,147)	(3,645)
Distributions	(12,959)	(12,493)
Fair value, ending	<u>\$ 536,370</u>	<u>\$ 523,499</u>

7. Designations Payable

Designations payable consist of the following as of March 31:

	2022	2021
Gross designations:		
Nonmember agencies	\$ 37,835	\$ 93,059
Other United Ways	59,052	87,239
Member agencies	<u>138,109</u>	<u>129,464</u>
Total gross designations	234,996	309,762
Designations paid by companies directly	-	(1,053)
Administrative fee	<u>(13,440)</u>	<u>(29,620)</u>
Total designations payable	<u>\$ 221,556</u>	<u>\$ 279,089</u>

8. Loan Payable, PPP

PPP Loan

On April 17, 2020, the Organization received loan proceeds in the amount of \$232,500 under the Paycheck Protection Program (PPP). Established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), the PPP provides loans to qualifying organizations in amounts up to 2.5 times the organization's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a covered period of 8 to 24 weeks as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities.

Gain on Extinguishment of Debt

The Organization initially recorded a note payable and subsequently recorded forgiveness when the loan obligation was legally released. The Organization recognized \$232,500 of loan forgiveness income for the year ended March 31, 2022.

9. Concentrations

The Organization received corporate and employee pledges from two companies totaling approximately 12% of the gross campaign revenue reported in the 2021 campaign and the 2020 campaign.

GREATER OTTAWA COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

10. Leases

The Organization has committed to a two-year extension of their lease agreement for office space in Holland. The two-year extension requires monthly payments of \$2,950. The lease expires December 31, 2023.

The Organization is leasing a copy machine under a four-year lease. The lease requires monthly payments of \$432 and expires December 31, 2024.

The Organization is leasing a postage machine under a month-to-month lease. The lease requires payments of \$172 a quarter plus applicable sales and use taxes.

Total lease expense for the years ended March 31, 2022 and 2021 was \$41,077 and \$40,760 respectively.

Future minimum payments for non-cancelable leases are as follows as of March 31:

2023	\$ 39,984
2024	31,284
2025	3,888

The Organization is the lessor of office space in Allegan to an unrelated not-for-profit organization. The arrangement commenced March 1, 2020 and expires February 28, 2025. The lease requires monthly payments of \$600. The income recognized under this arrangement is \$6,000 and \$1,800 for the years ended March 31, 2022 and 2021.

The Organization leases office space in Holland to an unrelated not-for-profit organization. The arrangement commenced January 1, 2021 and expired December 31, 2021. The lease required monthly payments of \$100. The income under this arrangement is \$800 and \$300 for the years ended March 31, 2022.

Future minimum receipts for non-cancelable leases are as follows as of March 31:

2023	\$ 7,200
2024	7,200
2025	6,600

11. Retirement Plans

The Organization sponsors a 403(b) retirement savings plan for all employees of the Organization except those working less than 1,000 hours annually. Contributions to the plan are based upon 5% of eligible employee wages. The retirement plan contribution was \$80,654 and \$64,393 for the years ended March 31, 2022 and 2021, respectively.

GREATER OTTAWA COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

12. Net Assets With Donor Restrictions

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

	2022	2021
Time restrictions:		
Pledges receivable, 2019 campaign	\$ -	\$ 242,687
Pledges receivable, 2020 campaign	100,671	991,625
Pledges receivable, 2021 campaign	944,147	-
Allowance for uncollectible, 2019 campaign	-	(242,687)
Allowance for uncollectible, 2020 campaign	(100,671)	(197,323)
Allowance for uncollectible, 2021 campaign	(94,336)	-
Grants receivable for future periods	<u>75,000</u>	<u>250,000</u>
Total net assets with time restrictions	<u>924,811</u>	<u>1,044,302</u>
Purpose restrictions:		
Housing Initiative	145,217	137,717
Housing Next	229,656	118,433
Community assessment	-	25,714
Imagination Library	-	69,172
Funds received for future programs	21,974	21,974
Funds received for fiscal sponsorships	<u>100,414</u>	<u>36,254</u>
Total net assets with purpose restrictions	<u>497,261</u>	<u>409,264</u>
Total net assets with donor restrictions	<u><u>\$ 1,422,072</u></u>	<u><u>\$ 1,453,566</u></u>

13. Endowment Funds

During 1998, the Volunteer Center of Greater Ottawa County United Way, Inc. received funding of \$50,000 for the establishment of an endowment fund on its behalf at the Community Foundation of the Holland/Zeeland Area. The amounts contributed by donors to the endowment fund are owned and controlled by the Community Foundation and are not reflected on Greater Ottawa County United Way, Inc.'s statements of financial position. Greater Ottawa County United Way, Inc. is able to request on an annual basis a calculated amount from the earnings of the endowment fund to be used to fund the operations of the Volunteer Center. The fair market value of the endowment fund, as reported by the Community Foundation of the Holland/Zeeland Area, was \$213,701 and \$204,329 as of March 31, 2022 and 2021, respectively.

In July 2001, Greater Ottawa County United Way, Inc. established an endowment fund with the Community Foundation of the Holland/Zeeland Area. This fund was funded with a donation for the purpose of providing substance abuse services. The amounts contributed by the donor to the endowment fund are owned and controlled by the Community Foundation and are not reflected on Greater Ottawa County United Way, Inc.'s statements of financial position. Greater Ottawa County United Way, Inc. is able to request on an annual basis a calculated amount from the earnings of the endowment fund. The fair market value of the endowment fund, as reported by the Community Foundation of the Holland/Zeeland Area, was \$53,286 and \$50,950 as of March 31, 2022 and 2021, respectively.

In 1997, Greater Ottawa County United Way, Inc. established an endowment fund with the Grand Haven Area Community Foundation. The amounts contributed by third parties to the endowment fund are owned and controlled by the Community Foundation and are not reflected on Greater Ottawa County United Way, Inc.'s statements of financial position. Greater Ottawa County United Way, Inc. is able to request on an annual basis a calculated amount from earnings of the endowment. The fair market value of the endowment fund, as reported by the Grand Haven Area Community Foundation, was \$269,183 and \$264,389 as of March 31, 2022 and 2021, respectively.

GREATER OTTAWA COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

13. Endowment Funds (Continued)

In prior years, Allegan County United Way, Inc. established an endowment fund with the Allegan County Community Foundation. This endowment is included as part of the acquisition detailed in note 2. The amounts contributed by third parties to the endowment fund are owned and controlled by the Community Foundation and are not reflected on Greater Ottawa County United Way, Inc.'s statements of financial position, nor were they included on Allegan County United Way's statements of financial position. Greater Ottawa County United Way, Inc. is able to request on an annual basis a calculated amount from earnings of the endowment. The fair market value of the endowment fund, as reported by the Allegan County Community Foundation, was \$15,626 and \$14,959 as of March 31, 2022 and 2021, respectively.

In prior years, Allegan County United Way, Inc. established an endowment fund with the Allegan County Community Foundation. This endowment is included as part of the acquisition detailed in note 2. The amounts contributed by third parties to the endowment fund are owned and controlled by the Community Foundation and are not reflected on Greater Ottawa County United Way, Inc.'s statements of financial position, nor were they included on Allegan County United Way's statements of financial position. Greater Ottawa County United Way, Inc. is able to request on an annual basis a calculated amount from earnings of the endowment. The fair market value of the endowment fund, as reported by the Allegan County Community Foundation, was \$56,870 and \$54,442 as of March 31, 2022 and 2021, respectively.

14. Commitments

The Organization entered into a service agreement with United Way of the Lakeshore commencing October 1, 2020. Services provided to United Way of the Lakeshore are fiduciary and human resource related in nature. The first annual amount of \$80,144 is due in quarterly installments. The remaining two annual amounts are calculated based on 3% of revenue reported on the 990 due in quarterly installments. The agreement expires September 30, 2023 and can be renewed under similar terms. In addition, the Organization entered into an agreement with United Way of the Lakeshore for use of the Organization's software. United Way of the Lakeshore will make quarterly payments of \$2,000 in year 1, \$1,750 in year 2 and \$1,500 in year 3. After year 3, the annual fee will be \$6,000 adjusted for any changes in the fees incurred by the Organization from the software provider.

The Organization entered into a service agreement with Ottawa Community Schools Network commencing April 19, 2019. Services provided to Ottawa Community Schools Network include human resources and administration. Ottawa Community Schools Network reimburses the Organization for all payroll costs, including wages, payroll taxes and employee benefits. The Organization also receives a 5% service fee for the administrative work. The original agreement expired at the conclusion of the 2020/2021 school year, and it was renewed for an additional year under similar terms.

Supplementary Information

GREATER OTTAWA COUNTY UNITED WAY, INC.
SCHEDULES OF PROGRAM EXPENSES
YEAR ENDED MARCH 31, 2022 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2021

	Community Investment	Lakeshore Housing Alliance	Imagination Library	Volunteer Centers	Other Programs	2022 Total	2021 Total
Salaries and related expenses:							
Salaries	\$ 102,301	\$ 52,597	\$ 5,673	\$ 73,974	\$ 727,914	\$ 962,459	\$ 852,953
Payroll taxes, insurance and retirement	38,150	26,970	744	30,258	247,084	343,206	285,982
Total salaries and related expenses	<u>140,451</u>	<u>79,567</u>	<u>6,417</u>	<u>104,232</u>	<u>974,998</u>	<u>1,305,665</u>	<u>1,138,935</u>
Operating expenses:							
Advertising	17,034	14,369	-	16,668	12,000	60,071	35,474
Conferences, conventions and meetings	1,103	103	-	23	11,850	13,079	2,225
Contract labor	-	-	-	-	27,419	27,419	15,068
Equipment maintenance and expense	20,790	12,528	766	21,936	419	56,439	41,794
Events	61,786	-	-	8,570	859	71,215	15,826
Imagination library	-	-	81,452	-	-	81,452	19,598
Initiatives	52,486	3,488	-	-	110,694	166,668	222,195
Insurance	2,682	2,626	55	2,682	1,976	10,021	8,969
Lakeshore Housing Alliance	-	-	-	-	-	-	7,772
Membership dues	6,961	6,480	94	7,002	325	20,862	25,932
Mileage	164	-	-	544	5,306	6,014	5,307
Miscellaneous	10	-	-	-	-	10	2,635
Occupancy	12,648	11,171	1,455	12,650	15	37,939	33,693
Postage and shipping	568	546	825	637	6	2,582	729
Printing and publications	3,626	-	-	-	12,000	15,626	4,297
Repairs and maintenance	352	-	397	397	-	1,146	-
Responsive grant fund	42,500	-	-	-	-	42,500	100,000
Special projects	-	-	-	-	64,827	64,827	45,178
Supplies	-	-	-	496	314	810	543
Telephone	2,201	1,493	615	2,402	1,320	8,031	5,825
Total operating expenses	<u>224,911</u>	<u>52,804</u>	<u>85,659</u>	<u>74,007</u>	<u>249,330</u>	<u>686,711</u>	<u>593,060</u>
Campaign expenses:							
Allocations	623,439	-	-	-	-	623,439	784,897
Designations	173,038	-	-	-	-	173,038	312,597
Total campaign expenses	<u>796,477</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>796,477</u>	<u>1,097,494</u>
Total program expenses	<u>\$ 1,161,839</u>	<u>\$ 132,371</u>	<u>\$ 92,076</u>	<u>\$ 178,239</u>	<u>\$ 1,224,328</u>	<u>\$ 2,788,853</u>	<u>\$ 2,829,489</u>

See independent auditor's report