



United Way of Greater Cleveland and The Cleveland Community Fund

Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



**United Way of Greater Cleveland and
The Cleveland Community Fund**

Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022

United Way of Greater Cleveland and The Cleveland Community Fund

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Independent Auditor's Report

Board of Directors
United Way of Greater Cleveland and
The Cleveland Community Fund
Cleveland, Ohio

Opinion

We have audited the consolidated financial statements of United Way of Greater Cleveland and the Cleveland Community Fund (collectively, the Organization), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities and changes in net assets; allocations, contributions and functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

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

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

BDO USA P.C.

Cleveland, Ohio
February 29, 2024

Consolidated Financial Statements

United Way of Greater Cleveland and The Cleveland Community Fund

Consolidated Statements of Financial Position

<i>June 30,</i>	2023	2022
Assets		
Cash and cash equivalents	\$ 1,866,455	\$ 3,363,557
Custodial funds	6,520,300	-
Campaign receivables	10,571,529	12,418,851
Less: allowance for uncollectible campaign receivables	(452,379)	(622,050)
Net campaign receivables	10,119,150	11,796,801
Accounts Receivable:		
Agencies	1,115,415	935,798
Other	855,469	520,653
Major gifts receivable, net	2,372,137	1,696,169
Marketable securities	9,293,649	14,200,326
Interest rate swap	599,797	254,913
Prepaid expenses and other assets	134,737	191,189
Land, building and equipment, net	12,419,799	12,765,662
Quasi-endowed investments	5,726,300	-
Beneficial interest in assets held by community foundation	5,606,470	-
Total Assets	\$ 56,629,678	\$ 45,725,068

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

United Way of Greater Cleveland and The Cleveland Community Fund

Consolidated Statements of Financial Position

<i>June 30,</i>	2023	2022
Liabilities		
Due to donor-designated agencies	\$ 5,275,890	\$ 5,801,517
Accounts payable:		
Agencies	3,485,177	3,400,955
Managed resources	8,452,997	2,450,561
Other	2,601,245	1,539,099
Other liabilities	1,222,244	859,277
Debt (see Note 9)	7,314,679	7,520,782
Less: debt issuance costs	(111,339)	(129,895)
Net debt	7,203,340	7,390,887
Pension liability	2,009,047	3,049,244
Total Liabilities	30,249,940	24,491,540
Net Assets		
Without donor restrictions	17,646,029	18,649,592
With donor restrictions	8,733,709	2,583,936
Total Net Assets	26,379,738	21,233,528
Total Liabilities and Net Assets	\$ 56,629,678	\$ 45,725,068

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

United Way of Greater Cleveland and The Cleveland Community Fund

Consolidated Statement of Activities and Changes in Net Assets

<i>Year Ended June 30, 2023</i>	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenues, and gains			
Contributions			
Contributions received	\$ 19,399,534	\$ 6,732,288	\$ 26,131,822
Less: donor designations	(6,337,105)	-	(6,337,105)
Allowance for uncollectible pledges	(383,040)	-	(383,040)
Contributions released from restriction	796,715	(796,715)	-
Total Contributions	13,476,104	5,935,573	19,411,677
Revenues and Gains			
Program fees and grants	2,596,245	-	2,596,245
Investment return, net	1,212,387	214,200	1,426,587
Rental income and miscellaneous	517,199	-	517,199
Total Revenues and Gains	4,325,831	214,200	4,540,031
Total Support, Revenues, and Gains	17,801,935	6,149,773	23,951,708
Allocations and Functional Expenses			
Funds allocated to agencies	5,402,905	-	5,402,905
Functional Expenses			
Program Services	6,601,174	-	6,601,174
Fundraising	4,302,591	-	4,302,591
Management and general	3,403,820	-	3,403,820
Total Functional Expenses	14,307,585	-	14,307,585
Total Allocations and Functional Expenses	19,710,490	-	19,710,490
Change in net assets before other items	(1,908,555)	6,149,773	4,241,218
Interest expense	(336,330)	-	(336,330)
Other components of net periodic pension cost	(229,722)	-	(229,722)
Change in Interest Rate Swap	344,884	-	344,884
Pension-related changes other than net periodic pension cost	1,126,160	-	1,126,160
Changes in Net Assets	(1,003,563)	6,149,773	5,146,210
Net Assets - beginning of year	18,649,592	2,583,936	21,233,528
Net Assets - end of year	\$ 17,646,029	\$ 8,733,709	\$ 26,379,738

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

United Way of Greater Cleveland and The Cleveland Community Fund

Consolidated Statement of Activities and Changes in Net Assets

<i>Year Ended June 30, 2022</i>	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenues, and gains			
Contributions			
Contributions received	\$ 22,037,802	\$ 876,894	\$ 22,914,696
Less: donor designations	(6,901,318)	-	(6,901,318)
Allowance for uncollectible pledges	(433,618)	-	(433,618)
Contributions released from restriction	1,588,620	(1,588,620)	-
Total Contributions	16,291,486	(711,726)	15,579,760
Revenues and Gains			
Program fees and grants	3,199,363	-	3,199,363
Investment return, net	(1,833,881)	-	(1,833,881)
Rental income and miscellaneous	397,850	-	397,850
Total Revenues and Gains	1,763,332	-	1,763,332
Total Support, Revenues, and Gains	18,054,818	(711,726)	17,343,092
Allocations and Functional Expenses			
Funds allocated to agencies	5,304,399	-	5,304,399
Functional Expenses			
Programs	4,797,131	-	4,797,131
Impact and agency relations	1,633,355	-	1,633,355
Fundraising	3,348,072	-	3,348,072
Management and general	3,755,661	-	3,755,661
Total Functional Expenses	13,534,219	-	13,534,219
Total Allocations and Functional Expenses	18,838,618	-	18,838,618
Change in net assets before other items	(783,800)	(711,726)	(1,495,526)
Interest expense	(343,474)	-	(343,474)
Other components of net periodic pension cost	(105,244)	-	(105,244)
Change in Interest Rate Swap	898,782	-	898,782
Pension-related changes other than net periodic pension cost	800,971	-	800,971
Changes in Net Assets	467,235	(711,726)	(244,491)
Net Assets - beginning of year	18,182,357	3,295,662	21,478,019
Net Assets - end of year	\$ 18,649,592	\$ 2,583,936	\$ 21,233,528

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

United Way of Greater Cleveland and The Cleveland Community Fund

Consolidated Statement of Allocations, Contributions, and Functional Expenses

<i>For the Year Ended June 30, 2023</i>	Allocations	Program Services	Fundraising	Management and General	Total
Funds allocated to agencies	\$5,402,905	\$ -	\$ -	\$ -	\$ 5,402,905
Salaries		3,366,487	2,592,727	1,059,691	7,018,905
Employee fringe benefits		757,890	489,915	389,325	1,637,130
Payroll taxes		229,876	181,329	105,967	517,172
Total Personnel Expenses		4,354,253	3,263,971	1,554,983	9,173,207
Fees and contract services		1,148,799	167,869	540,880	1,857,548
Occupancy		365,220	253,557	140,883	759,660
Technology		62,374	8,329	599,999	670,702
Telecommunications		5,142	1,013	167,789	173,944
Printed, promotional, and visual		136,059	172,054	41,597	349,710
Insurance		80,100	56,300	24,323	160,723
Conferences, conventions and meetings		52,752	72,397	27,723	152,872
Travel and reimbursable expenses		11,937	3,079	12,199	27,215
Postage and shipping		16,732	13,690	12,047	42,469
Supplies		19,426	4,919	18,884	43,229
Dues and subscriptions		5,558	12,715	21,164	39,437
Bank charges		-	2,297	68,516	70,813
Miscellaneous		30,495	17,313	15,311	63,119
Total Expenses before depreciation and amortization		6,288,847	4,049,503	3,246,298	18,987,553
Depreciation and amortization	-	312,327	253,088	157,522	722,937
Total		\$ 6,601,174	\$ 4,302,591	\$ 3,403,820	\$ 19,710,490

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

United Way of Greater Cleveland and The Cleveland Community Fund

Consolidated Statement of Allocations, Contributions, and Functional Expenses

<i>For the Year Ended June 30, 2022</i>	Allocations	Programs	Impact and Agency Relations	Fundraising	Management and General	Total
Funds allocated to agencies	\$ 5,304,399	\$ -	\$ -	\$ -	\$ -	\$ 5,304,399
Salaries		2,452,904	768,307	1,376,245	2,074,069	6,671,525
Employee fringe benefits		609,505	194,651	273,050	470,572	1,547,778
Payroll taxes		148,256	50,485	97,838	126,768	423,347
Total Personnel Expenses		3,210,665	1,013,443	1,747,133	2,671,409	8,642,650
Fees and contract services		191,504	317,627	601,434	282,706	1,393,271
Occupancy		393,025	95,046	244,595	197,922	930,588
Technology		388,803	77,030	180,795	96,523	743,151
Telecommunications		152,143	14,463	35,549	80,658	282,813
Printed, promotional, and visual		487	23,173	193,800	892	218,352
Insurance		78,706	11,244	25,298	30,273	145,521
Conferences, conventions and meetings		2,758	8,217	90,744	21,517	123,236
Travel and reimbursable expenses		431	697	441	55,306	56,875
Postage and shipping		568	8,771	8,014	5,968	23,321
Supplies		9,011	2,658	1,718	30,670	44,057
Dues and subscriptions		2,209	247	37,933	24,014	64,403
Bank charges		-	-	-	68,178	68,178
Parking		285	-	-	112	397
Miscellaneous		699	-	2,178	62,899	65,776
Total Expenses before depreciation and amortization	5,304,399	4,431,294	1,572,616	3,169,632	3,629,047	18,106,988
Depreciation and amortization	-	365,837	60,739	178,440	126,614	731,630
Total	\$ 5,304,399	\$ 4,797,131	\$ 1,633,355	\$ 3,348,072	\$ 3,755,661	\$ 18,838,618

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

United Way of Greater Cleveland and The Cleveland Community Fund

Consolidated Statements of Cash Flows

<i>For the Years Ended June 30,</i>	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ 5,146,210	\$ (244,491)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Proceeds from endowment gift	(5,355,000)	-
Pension-related changes other than net periodic pension cost	(1,126,160)	(800,971)
Depreciation and amortization	722,937	731,630
Amortization of bond issuance costs included in interest expense	18,566	18,566
Provision for uncollectible campaign receivables	(169,671)	433,618
Change in discount on major gifts receivable	290,699	(253,790)
Change in interest rate swap liability	(344,884)	(898,782)
Net realized and unrealized losses (gains) on investment transactions	(476,152)	1,949,710
Change in value of beneficial interest in assets held at community foundation	(251,470)	-
 (Increase) Decrease in Operating Assets:		
Campaign receivables	1,847,322	(1,059,858)
Major gifts receivable	(966,667)	408,250
Agencies and other receivables	(514,433)	(52,110)
Prepaid expenses and other assets	56,452	(171,697)
 Increase (Decrease) in Operating Liabilities:		
Custodial liabilities	-	(437,062)
Due to designated agencies	(525,627)	153,441
Accounts payable - agencies	84,222	(628,355)
Accounts payable - other	1,062,146	194,869
Accounts payable - managed resources	6,002,436	236,757
Other liabilities	448,930	(23,359)
Net Cash Provided by (Used in) Operating Activities	5,949,856	(443,634)
Cash Flows from Investing Activities		
Purchases of building, and equipment	(377,074)	(82,768)
Purchases of investments	(8,782,466)	(615,001)
Proceeds from sale of investments	3,083,995	791,640
Net Cash Provided by (Used in) Investing Activities	(6,075,545)	93,871
Cash Flows from Financing Activities		
Proceeds from endowment gift	5,355,000	-
Payments on notes payable	(206,113)	(197,694)
Net Cash (Used in) Provided by Financing Activities	5,148,887	(197,694)
Net (Decrease) Increase in Cash, Cash Equivalents and Restricted Cash	5,023,198	(547,457)
Cash, Cash Equivalents, and Restricted Cash, beginning of year	3,363,557	3,911,014
Cash, Cash Equivalents, and Restricted Cash, end of year	\$ 8,386,755	\$ 3,363,557
 Supplemental disclosures of cash flow information		
Cash paid for interest	\$ 336,330	\$ 343,474

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

United Way of Greater Cleveland and The Cleveland Community Fund

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Nature of Activities

United Way of Greater Cleveland (“UWGC or the Organization”) is a not-for-profit corporation located in Cleveland, Ohio. UWGC serves as an essential community connector, generating and coordinating resources across individual donors, corporations, service providers and government and civic leaders to improve lives and create community impact at scale.

UWGC brings people and organizations together to help the Greater Cleveland community move toward greater economic equity and mobility. It solicits donations from a variety of donors through a range of methods. All these donations, whether they be from workplace campaigns, corporations, foundations, community leaders or individuals, combine to make it possible to implement impactful change for the community. Every year, companies across Greater Cleveland unite their employees to give to UWGC by participating in United Way’s annual workplace campaign. Business owners, community leaders, corporations and foundations demonstrate their dedication to bettering the community in which they are headquartered through generous donations. UWGC collaborates with them to align their community impact goals with those funded by UWGC.

UWGC makes an impact in the community by tapping into its collective ability to provide immediate relief for basic human needs and working across sectors, systems, and neighborhoods to prevent and eliminate the root causes of these needs and disparities in the first place.

Through UWGC’s Community Hub for Basic Needs, the immediate, here-and-now needs of the community, such as hunger and homelessness, are addressed. The Community Hub brings organizations together with community partners and volunteers to share best practices, build relationships and align resources to better identify and subsequently meet the needs of people in our community living in crisis. The Hub also provides strategic grantmaking to invest directly in effective solutions that help make positive change happen across Greater Cleveland. Through a rigorous application process, UWGC selects organizations aligned with one of its community strategies - economic mobility, health pathways, and housing stability - so that the most meaningful impact for those in need can be made in working together on targeted initiatives.

Through UWGC’s Impact Institute, funded through major gifts, the barriers to economic equity and mobility are addressed. These large-scale initiatives offer solutions to systemic problems, with the hopes of eliminating them in the future. As an example, UWGC was a founding partner of Lead Safe Cleveland Coalition, a cross-sector coalition with a fully funded strategy to ensure that children are safe from lead poisoning in their own homes.

UWGC also provides direct services to the community through United Way 211, a free and confidential service for anyone needing help, where trained navigators connect callers to community resources.

For the year ended June 30, 2023, the consolidated financial statements include the accounts of UWGC (including its wholly owned subsidiary, United Way Properties, LLC), United Way of Geauga County, and The Cleveland Community Fund (collectively, the “Organization”), an organization affiliated through common management. Interorganizational transactions and accounts have been eliminated upon consolidation.

United Way of Greater Cleveland and The Cleveland Community Fund

Notes to Consolidated Financial Statements

During the year ended June 30, 2019, United Way Properties, LLC (the “LLC”) was created to assist UWGC in owning, leasing, operating, and managing real and personal property necessary or appropriate for the charitable activities of UWGC.

Basis of Presentation

The Organization follows authoritative guidance issued by the Financial Accounting Standards Board (FASB) which established the FASB Accounting Standards Codification (ASC) as the single source of authoritative accounting principles generally accepted in the United States of America. The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting. Net assets and support revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions/stipulations and are therefore available for use at the discretion of the Board of Directors and/or management for general operating purposes. These include net assets designated by the Board of Directors (the Board) to be set aside for specific purposes over which the Board retains control and may, at its discretion, subsequently be used for other purposes.

Net assets without donor restrictions also includes quasi-endowments, which are amounts committed by the Board to serve as matching donations to the Unrestricted Endowment as described in Notes 2 and 9.

Net Assets with Donor Restrictions - Net assets with donor restrictions are subject to donor-imposed restrictions/stipulations that may or will be met, either by actions of the Organization and/or the passage of time. Some net assets with donor restrictions include a stipulation that assets be maintained by the Organization in perpetuity while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The allowance for uncollectible campaign receivables has been reviewed by management, which reviews factors such as prior collection history, current economic factors, and knowledge of donors who have pledged in evaluating the adequacy of the allowance. It is at least reasonably possible that the estimate for the allowance for uncollectible campaign receivables will change in the near-term.

United Way of Greater Cleveland and The Cleveland Community Fund

Notes to Consolidated Financial Statements

The valuation of the pension liability has been calculated by an outside actuary. Factors and assumptions used by this actuary to calculate the liability are based upon estimates provided by management and, it is at least reasonably possible that the assumptions and estimates used may change in the near-term.

Revenue Recognition

Contributed Revenue

The Organization recognizes contributions and donor's unconditional promises to give in the period the promise is made. Contribution receivables are stated at the amount management expects to collect from outstanding balances. Donors' promises to give which are conditional are not recognized until the condition on which they depend are substantially met or barriers to recognition have been achieved. Conditional gifts which have been funded in advance of the condition being met are recorded as advances from third parties.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the assets, or if they are designated as support in future periods. When a donor 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 consolidated statements of activities and changes in net assets as net assets released from restriction. Restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

Program Fees and Grant Revenue

A portion of the Organization's program and grant revenue is derived from cost-reimbursable federal and local grants, which are conditional upon certain performance requirements and or the insurance of allowable qualifying expenses. These grants are received as a recipient or sub-recipient under federal grants and contracts. Amounts are recognized as revenue when the Organization has incurred expenditure in compliance with specific contract or grant provisions. The Organization, at times, receives revenues in advance from certain contracts. Such amounts are recorded as deferred revenue and are recognized as the services or goods are transferred to customers. There were no amounts deferred as of June 30, 2023 and 2022.

In addition, program fees and grants are amounts earned by United Way of Greater Cleveland for direct services such as 211 information, referral and navigation contracts, payroll and accounting services provided to not-for-profit agencies, processing fees assessed on donor designations and amounts received from restricted grants. This revenue is recognized at the point in time at which the related services were provided. Revenue is recorded at the transaction price, which does not include any price concessions. Any outstanding billings for related services are recorded as accounts receivable on the consolidated statements of financial position.

Cash Equivalents

The Organization considers all highly liquid debt instruments with original maturities of three months or less (excluding those held in brokerage accounts designated for long-term investment) to be cash equivalents.

United Way of Greater Cleveland and The Cleveland Community Fund

Notes to Consolidated Financial Statements

Custodial Funds and Managed Resources

Custodial funds are amounts held by United Way of Greater Cleveland that legally belong to unrelated and related entities. Accordingly, certain of these amounts are recorded as both an asset and liability (“managed resources”) of the Organization. Additional managed resources include funding received in advance of the Organization’s completion of the related performance obligations to third parties, for which such cash is not required to be held separately.

Reconciliation of Cash, Cash Equivalents, and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated statements of financial position to the consolidated statements of cash flows as of June 30, 2023 and 2022.

<i>June 30,</i>	2023	2022
Cash and Cash Equivalents	\$ 1,866,455	\$ 3,363,557
Restricted Cash		-
Custodial Assets	6,520,300	
Total	\$ 8,386,755	\$ 3,363,557

Receivables and Credit Policies

Accounts receivables are primarily related to amounts due from not-for-profit agencies for payroll and accounting services provided by the Organization and amounts due from government grants. Accounts receivables are stated at the amount billed to the agency or the amount owed from the governmental entity.

Management individually reviews all accounts receivable balances and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. At June 30, 2023 and 2022, management estimated that no allowance for doubtful accounts was required.

Campaign Receivable and Major Gifts Receivable

Contributions received are recorded as support without donor restrictions or with donor restrictions depending upon the existence and or nature of the donor’s restriction. Unconditional promises to give are recorded at their fair market value in the period in which the Organization was notified of the promise. Conditional promises to give - that is, those with measurable performance or other barrier and right of return - are not recognized until the condition on which they depend have been met. Allowances are provided for uncollectible pledges based upon prior experience, current economic factors and knowledge of donors and their characteristics. Promises to give are not collateralized.

Promises to give that are to be received over a period greater than one year also known as major gifts receivable are discounted to their fair market value assuming their respective payment terms and an appropriate discount rate as of the date the pledge is received. The discount is amortized in contribution revenue over the term of the respective pledge agreement. See Note 2.

United Way of Greater Cleveland and The Cleveland Community Fund

Notes to Consolidated Financial Statements

Investments

Investments in marketable securities and all investments in debt securities are reported at their estimated fair values in the consolidated statements of financial position. Realized and unrealized gains and losses, interest, dividends, and investment fees arising during the period are included in investment return, net, in the accompanying consolidated statements of activities and changes in net assets. See also Note 4.

Land, Building, and Equipment

Building and equipment are depreciated utilizing the straight-line method over their estimated useful lives ranging from 3 to 40 years. The Organization capitalizes purchases of land, building, and equipment that exceed \$5,000. Land, building, and equipment are stated at cost.

Beneficial Interest in Assets Held by Community Foundation

During the year ended June 30, 2023, the Organization established the United Way of Greater Cleveland Jack, Joseph, and Morton Mandel Fund for Urban Engagement (the Endowment) at a community foundation. The Endowment was invested in an Organizational Fund of the community foundation, whereby the community foundation manages the underlying investment strategy of the Endowment and the distributions of such, and all distributions from the Endowment are for the exclusive benefit of the Organization.

Contributions to the beneficial interest in assets held by community foundation are reported as contributions with donor restrictions, as the assets held are endowed and managed under a spending policy. Changes in the value of the assets held by community foundation are reported as such, with donor restrictions, in the consolidated statement of activities. See Notes 4 and 9.

Donated Materials and Services

Donated items and equipment are not reflected as contributions in the accompanying consolidated financial statements because they are not material. No amounts have been reported in the consolidated financial statements for donated non-skilled services as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time to the Organization's program services and to its fundraising campaigns.

Due to Donor Designated Agencies

Contributions received that have been designated by donors for specific recipient agencies are reported as both receivables and amounts due to designated agencies in the consolidated statements of financial position and as both revenue and a reduction of contributions in the consolidated statements of activities and changes in net assets in the period in which the related contribution is recognized.

Accounts Payable - Agencies

Proceeds from fundraising campaigns that are not restricted are allocated to agencies upon approval by the Board of Directors. Such allocations to agencies are reported as accounts payable - agencies in the accompanying consolidated statements of financial position.

Included in the amounts reported as allocations to agencies in the accompanying consolidated statements of activities and changes in net assets are payments of dues to certain voluntary trade organizations. This amount totaled \$235,352 and \$240,985 for the years ended June 30, 2023 and 2022, respectively, for United Way Worldwide.

United Way of Greater Cleveland and The Cleveland Community Fund

Notes to Consolidated Financial Statements

Managed Resources

The UWGC actively collaborates with other non-profit organizations and public entities in developing solutions to root cause issues of poverty. Frequently UWGC acts as a fiscal agent for these projects, and accordingly, the related funds are not included in revenue or expense in the accompanying consolidated statements of activities and changes in net assets. As financial assets are received from the funding sources, liabilities are recorded as managed resources payable to recognize the assets held by UWGC for the benefit of others.

The following schedule illustrates the gross cash received by UWGC that is to be directly invested back into the community for programs that support our mission and for which UWGC played a leadership role in securing, as well as what has been disbursed for community benefit and what remains in managed resources payable in the accompanying consolidated statement of financial position.

	June 30, 2022 Managed Resources Payable	Commitments	Disbursements	June 30,2023 Managed Resources Payable
Community Hub for Basic Needs				
Cleveland's Vision for Education & Youth Success: \$	45,000	-	21,162	23,838
Cuyahoga County Emergency Food Program	191,234	72,314	186,739	76,809
Total Community Hub for Basic Needs	236,234	72,314	207,901	100,647
Impact Institute				
Collaborative Investments + Health (CAPGI)	170,725	132,640	186,500	116,865
Siemer Family Stability Initiative	1,384,866	145,310	271,117	1,259,059
Right to Counsel	83,736	300,000	-	383,736
Family Space	575,000	106,900	283,444	398,455
Lead Safe Cleveland Coalition	-	6,350,000	155,766	6,194,234
Total Impact Institute	2,214,327	7,034,850	896,827	8,352,350
Total Managed Resources Payable	\$ 2,450,561	\$ 7,107,164	\$ 1,104,728	\$ 8,452,997

In addition to the amounts above, United Way of Greater Cleveland has assisted in securing multi-year gifts of \$53,500,000, receivable for the benefit of the Lead Safe Coalition through 2028. Such gifts have not been recorded in the consolidated financial statements as UWGC will serve as the fiscal agent of such funds upon receipt.

United Way of Greater Cleveland and The Cleveland Community Fund

Notes to Consolidated Financial Statements

Deferred Grants and Program Income

Deferred revenue consists of amounts received by United Way of Greater Cleveland for which a condition associated with a grant has not yet been substantially met or for which funds have been received in advance of services being provided.

Derivative Instruments

UWGC utilizes an interest rate swap contract (which is considered a derivative instrument) to manage its exposure to interest rate risk on its variable rate debt. The differential interest required to be paid or that will be received under this agreement is accrued consistent with the terms of the agreement and is recognized in interest expense as accrued. Terms of the swap agreement require the differential interest to be paid or received monthly. The Organization documents its risk management strategy and hedge effectiveness at the inception of and during the term of each hedge.

UWGC accounts for derivatives and hedging activities in accordance with FASB ASC 815, *Accounting for Derivative Instruments and Certain Hedging Activities*, as amended, which requires that all derivative instruments are recognized on the consolidated statements of financial position at their fair value. The criteria for designating a derivative as a hedge include the instrument's effectiveness in risk reduction and a one-to-one matching of the derivative instrument to its underlying transaction. The Organization's interest rate swap is recorded at fair value and is included in assets at both June 30, 2023 and 2022. Gains and losses from changes in the fair value of the derivatives are recorded in the consolidated statements of activities and changes in net assets. Fair value has been measured based on estimates of the amount needed to settle the agreement as calculated by the counterparty to the swap agreement. Such calculations are based on changes in market condition and/or assumptions underlying valuation models. The cash flows from the interest rate swap contract are classified as an operating activity on the statement of cash flows.

Employer's Accounting for Defined Benefit Pension and Other Postretirement Plans

United Way of Greater Cleveland recognizes the funded status of its defined benefit plan as assets or liabilities on its consolidated statement of financial position. Changes in the funded status are recognized through the consolidated statement of activities in the year in which the changes occur. Plan assets and benefit obligations are measured as of June 30, 2023 and 2022. See Note 5.

Functional Allocation of Expenses

The costs of providing various programs and related supporting services have been summarized on a functional basis in the consolidated statements of activities and changes in net assets and of allocations, contributions and functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Costs that benefit multiple functional areas have been allocated across programs and other supporting services based on their proportion of employees as a percentage of total employees.

United Way of Greater Cleveland and The Cleveland Community Fund

Notes to Consolidated Financial Statements

Income Taxes

The United Way of Greater Cleveland, United Way of Geauga County, United Way of Medina County and The Cleveland Community Fund are tax-exempt, under Section 501(c)(3) of the Internal Revenue Code of 1986 (IRC). In addition, none of these entities has been classified as an organization that is a “private foundation” within the meaning of Section 509(a) of the IRC.

Uncertain income tax positions are evaluated at least annually by management. The Organization classifies interest and penalties related to income tax matters as income tax expense in the accompanying consolidated financial statements. As of June 30, 2023, and 2022, the Organization has identified no uncertain income tax positions and has incurred no amounts for income tax penalties and interest for the years then ended.

Concentrations of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and temporary investments, investment securities, and pledges receivable.

The Organization has significant investments in equity and debt securities and is, therefore, subject to concentrations of credit risk. Investments are managed by investment advisors who are overseen by a committee. Though the market value of investments is subject to fluctuations on a year-to-year basis, the committee believes that the investment policy is prudent for the long-term welfare of the Organization.

Concentrations of credit risk with respect to campaign receivables are limited due to the large number of contributors comprising the Organization’s contributor base and their dispersion across different industries throughout Northeast Ohio.

At various times during the years ended June 30, 2023 and 2022, the Organization’s cash in bank balances may have exceeded the federally insured limits.

Accounting Pronouncements Adopted

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases*, which supersedes most of the current lease accounting and presentation guidance. The new standard is effective for the Organization for the year ended June 30, 2023.

On July 1, 2022, the Organization adopted the cumulative accounting standard updates initially issued by the FASB in February 2016 that amend the accounting for leases and are codified as Accounting Standards Codification Topic 842 (ASC 842). These changes to the lease model require operating leases with a duration of greater than one year to be recorded on the balance sheet through recognition of a liability for the discounted present value of future fixed lease payments and a corresponding right-of-use (ROU) asset.

The Organization elected the package of practical expedients available in ASC 842 upon adoption whereby an entity need not reassess expired contracts for lease identification or classification as a finance or operating lease, or for the reassessment of initial direct costs. Certain parts of the Organization’s lease agreements have lease and non-lease components, which the Organization accounts for separately when the actual lease and non-lease components are determinable.

United Way of Greater Cleveland and The Cleveland Community Fund

Notes to Consolidated Financial Statements

The Organization determines if an arrangement is a lease at inception. Operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement, net of any future incentives. Minimum lease payments include fixed payments for non-lease components within a lease agreement but exclude variable lease payments not dependent on an index or rate, such as costs that are subject to fluctuation period to period. Management has not included the option to renew in its lease arrangements, as such options are not reasonably certain to be extended. Periods beyond the noncancellable term of the lease are included in the measurement of the lease liability only when it is reasonable certain that the Organization will exercise the associated extension option or waive the termination option.

At July 1, 2022, all material leases are expected to terminate by June 30, 2024, and accordingly, the adoption of the standard outlined above did not have a material impact on the consolidated financial statements.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 29, 2024, the date the consolidated financial statements were available to be issued.

2. Major Gifts Receivables, Net

The major gifts receivable are discounted to their estimated fair value assuming their respective terms and discount rate are determined at the time of the pledge, which range from 3.25% to 4.5%. The major gifts receivable are scheduled to be collected as follows:

<i>June 30,</i>	2023	2022
Payable in less than one year	\$ 689,583	\$ 253,750
Payable in one to five years	1,410,084	820,000
Payable in more than five years	699,750	759,000
	<u>2,799,417</u>	<u>1,832,750</u>
Less: discounts to fair value	(427,280)	(136,581)
Net major gifts receivable	\$ 2,372,137	\$ 1,696,169

In addition to the amounts reported in the accompanying consolidated financial statements as receivables, the Organization also received a \$10,000,000 endowment matching pledge from a foundation. Under the terms of the agreement, qualifying pledges include written pledges and testamentary bequests of sufficient quality such that a bank or lender would use the instruments as collateral under borrowing arrangements. As of June 30, 2023, \$5,355,000 was matched with quality pledges, and therefore recognized as restricted revenue and funded by the foundation.

Under the terms of the related endowment agreement, the Organization also agreed to set aside up to \$10,000,000 of its reserve cash funds to match the above gift to form an unrestricted endowment. As pledges for the matching donations are received by the Organization, the Organization is to contribute an equal amount of reserve cash funds immediately to the unrestricted endowment and can replenish its reserve cash funds as payments on the quality pledges are ultimately received. See also Note 9, quasi endowments. Subsequent to year end, an additional \$2,000,000 was matched with quality pledges and was funded by the foundation. Per the terms of the agreement, the Organization set aside an additional \$2,000,000 of its reserve cash funds in the unrestricted endowment.

United Way of Greater Cleveland and The Cleveland Community Fund

Notes to Consolidated Financial Statements

3. Marketable Securities and Quasi Endowment

At June 30, 2023 and 2022, marketable securities and the quasi-endowment are reported at fair value and consisted of the following:

<i>June 30,</i>	2023	2022
Cash and cash equivalents	\$ 654,910	\$ 658,294
Equities	5,770,700	4,014,266
Common collective funds	3,317,454	4,050,752
Fixed income	1,282,886	1,550,247
Limited partnerships	1,675,256	1,711,289
Held at community foundation	2,318,743	2,215,478
Total marketable securities	\$ 15,019,949	\$ 14,200,326

4. Fair Value Measurements

U.S. GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable input be used when available. Observable inputs are those that market participants would use in measuring investments at fair value based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumptions about the inputs market participants would use in measuring investments at fair value based on the best information available in the circumstances. Investments are measured and disclosed in one of the three levels based on the reliability of inputs:

- Level 1 - Valuations based on quoted market prices in active markets for identical investments as of the reporting date.
- Level 2 - Valuations based on other than quoted market prices in active markets, dealer or broker markets. Fair values are primarily obtained from third party pricing services for similar investments as of the reporting date.
- Level 3 - Valuations derived from other methodologies, including pricing models, discounted cash flow models and similar techniques, and not based on market, dealer, or broker-traded transactions. The determination of fair value requires significant management judgment or estimation.

Level 3 valuations incorporate certain assumptions and projections that are not observable in the market in determining the fair value for investments and assets held by others as of the reporting date. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement.

United Way of Greater Cleveland and The Cleveland Community Fund

Notes to Consolidated Financial Statements

Investments at Net Asset Value

Investments reported at net asset value include alternative investments that are not generally liquid and certain investments that require a notice period for withdrawal. These investments are valued at using the net asset values reported by the investment managers and the majority of such investments are validated through consideration of the audited financial statements. The NAV is used as a practical expedient to estimate fair value. This practical expedient would not be used if it was determined to be probable that the funds will sell the underlying investments for an amount different from the reported NAV.

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.

The following is a description of the valuation techniques used for investments measured at fair value, and there have been no changes in the valuation methodology used by the Organization at June 30, 2023 or June 30, 2022:

Cash and Cash Equivalents

Cash equivalents and investments in money market and mutual funds are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency.

Fixed Income, Bond Funds and Marketable Equity Securities

Fixed income, bond funds and marketable equity securities are valued at the closing price reported on the active market on which the individual securities are traded.

Investment Held at Community Foundation

The fair value of the investment held at community foundation (the Pool) is based on the number of units held at year end as compared to the total pool at the community foundation. The related investments are valued at amounts reported by the community foundation, as validated through consideration of the audited statements of the community foundation. Accordingly, the Organization does not use separate quantitative information to value such investments and has used the community foundation's fair value methodology. The stated objective of the Pool is to provide nonprofit organizations access to money managers that traditionally require very high initial investment and enable the individual funds of the Pool to achieve broader diversification and access to multiple managers with specific skill sets. The Pool is comprised of large cap, small cap, international, fixed income and absolute return equity investments. Although these investments include marketable securities and fixed income securities, they are pooled investments and have been classified within Level 2 as they are not traded in an active market and are subject to liquidity restrictions.

United Way of Greater Cleveland and The Cleveland Community Fund

Notes to Consolidated Financial Statements

Beneficial Interest in Assets Held by Community Foundation

The Organization is the beneficiary of an Organizational Fund established at a community foundation, which is valued at Level 3. Under the terms of the arrangement, the Organization has the sole right to receive distributions under a spending policy in perpetuity. The fair value of the Organizational Fund is estimated based on the fair value of the underlying assets in the fund, as communicated by the community foundation.

Interest Rate Swap

The Organization determines the fair value of the interest rate swap using quotes provided by the respective bank counterparties that are based on models whose inputs are observable, and therefore has classified the swap as Level 2.

Financial assets consisted of the following at June 30, 2023 and 2022:

<i>June 30, 2023</i>	Level 1	Level 2	Level 3	Total
Mutual funds				
Fixed income				
Real asset	\$ -	\$ -	\$ 410,725	\$ 410,725
Bond fund	6,862,554	-	-	6,862,554
Equities:				
International	1,593,361	-	-	1,593,361
Large-cap index	2,307,336	-	-	2,307,336
Mid-cap index	1,416,795	-	-	1,416,795
Small-cap index	453,208	-	-	453,208
Cash and cash equivalents	1,184,825	-	-	1,184,825
Held at community foundation	-	2,318,743	-	2,318,743
	\$ 13,818,079	\$ 2,318,743	\$ 410,725	\$ 16,547,547
Less: Custodial funds	(6,520,300)			(6,520,300)
Investments measured at NAV*				4,992,702
Total investments	7,297,779	2,318,742	410,725	\$ 15,019,949
Other Assets				
Beneficial interest in assets held at Community Foundation	\$ -	\$ -	\$ 5,606,470	5,606,470
Interest rate swap at June 30, 2023	-	\$ 599,797	\$ -	\$ 599,797
Total Assets				\$ 21,525,236

United Way of Greater Cleveland and The Cleveland Community Fund

Notes to Consolidated Financial Statements

<i>June 30, 2022</i>	Level 1	Level 2	Level 3	Total
Mutual funds				
Fixed income				
Real asset	\$ -	\$ -	\$ 446,385	\$ 446,385
Bond fund	1,103,862	-	-	1,103,862
Equities:				
International	1,078,648	-	-	1,078,648
Large-cap index	1,834,330	-	-	1,834,330
Mid-cap index	838,872	-	-	838,872
Small-cap index	262,415	-	-	262,415
Cash and cash equivalents	658,295	-	-	658,295
Held at community foundation	-	2,215,478	-	2,215,478
	\$ 5,776,422	\$ 2,215,478	\$ 446,385	\$ 8,438,285
Investments measured at NAV*				5,762,041
Total investments				\$ 14,200,326
Liabilities				
Interest rate swap at June 30, 2021	\$ -	\$ 254,913	\$ -	\$ 254,913

*In accordance with the "Fair Value Measurement" topic of the FASB ASC, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position.

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United Way of Greater Cleveland and The Cleveland Community Fund

Notes to Consolidated Financial Statements

The following table summarizes investments for which fair value is measured using net asset value per share as a practical expedient as of June 30, 2023 and 2022, respectively:

<i>Investment</i>	Fair Value		Redemption Frequency (if currently eligible)	Redemption notice period
	2023	2022		
Limited partnerships				
GLAS funds limited partnerships	\$ 800,426	\$ 835,637	Daily	N/A
Owl Rock Capital limited partnerships	201,385	198,205	Daily	N/A
Golub capital partners international 11 limited partnerships	673,446	677,447	Daily	N/A
Total limited partnerships	1,675,257	1,711,289		
Common/collective funds:				
Charitable mid-cap fund	663,750	438,456	Daily	N/A
Charitable international equity fund	-	-	Daily	N/A
Charitable income fund	1,230,642	327,014	Daily	N/A
Charitable intermediate fund	1,423,056	3,285,282	Daily	N/A
Total common/collective funds	3,317,447	4,050,752		
Total investments at NAV	\$ 4,992,704	\$ 5,762,041		

5. Retirement Plans

United Way of Greater Cleveland has a defined benefit pension plan covering substantially all employees who were hired prior to December 31, 2009. Benefits are generally based on years of service and final average salary. It is the policy of United Way of Greater Cleveland to fund, at a minimum, the actuarially determined required minimum funding level. The measurement date of the plan is June 30. Participation in the plan was frozen effective December 31, 2009.

United Way of Greater Cleveland and The Cleveland Community Fund

Notes to Consolidated Financial Statements

The following presents the funded status and amounts included in pension liability in the consolidated statements of financial position:

<i>June 30,</i>	2023	2022
Fair value of plan assets at June 30	\$ 8,298,355	\$ 8,323,642
Benefit obligation at June 30	(10,307,402)	(11,372,886)
Funded status	(2,009,047)	(3,049,244)
Accrued benefit cost recognized in the consolidated statements of financial position	\$ 2,009,047	\$ 3,049,244

Reclassifications to net periodic benefit cost of amounts previously recognized as changes in net assets without donor restrictions but not included in net periodic benefit cost when they arose were as follows:

<i>For the Years Ended June 30,</i>	2023	2022
Net loss	\$ 192,593	\$ 301,609

Included in “employee fringe benefits” on the consolidated statements of allocations, contributions and functional expenses is \$127,701 and \$143,415 in pension service cost for the years ended June 30, 2023 and 2022, respectively.

The following are included in “other components of periodic pension costs” on the accompanying consolidated statements of activities and changes in net assets:

<i>June 30,</i>	2023	2022
Interest cost	\$ 455,638	\$ 330,446
Expected return on plan assets	(418,509)	(526,811)
Recognized net actuarial loss	192,593	301,609
	\$ 229,722	\$ 105,244

Amount recognized in changes in net assets but not yet included in net periodic benefit cost are as follows:

<i>For the Years Ended June 30,</i>	2023	2022
Net income	\$ 1,126,160	\$ 800,971

The accumulated net loss at June 30, 2023 is \$848,908 and the estimated net loss for the defined benefit pension plan that will be amortized into periodic benefit cost over the next fiscal year (ending June 30, 2024) is approximately \$200,000.

The accumulated benefit obligation of the pension plan is \$10,307,402 and \$11,372,886 at June 30, 2023 and 2022, respectively.

United Way of Greater Cleveland and The Cleveland Community Fund

Notes to Consolidated Financial Statements

Weighted-average actuarial assumptions used to determine net periodic benefit cost:

<i>For the Years Ended June 30,</i>	2023	2022
Discount rate	4.25%	2.50%
Expected return on plan assets	5.50%	5.50%
Rate of compensation increase	N/A	N/A

Weighted-average actuarial assumptions used to determine benefit obligations:

<i>June 30,</i>	2023	2022
Discount rate	4.86%	4.25%
Rate of compensation increase	N/A	N/A

Benefit cost recognized in consolidated statements of activities and changes in net assets	\$ 357,423	\$ 248,659
Benefits paid (including settlements)	\$ 847,047	\$ 718,442

The mortality table used by the Organization for the year ended June 30, 2023 was the Pri-2012 White Collar Dataset Amount Weighted Mortality by participant status, projected with Scale MP-2021. The mortality table used by the Organization for the year ended June 30, 2022 was the Pri-2012 White Collar Dataset Amount Weighted Mortality by participant status, projected with Scale MP-2020.

The following table shows the amounts United Way of Greater Cleveland contributed to its pension plan during the years ended June 30, 2023 and the expected contributions for the fiscal year ending June 30, 2024:

Employer contributions:		
2023	\$	271,460
2024 (expected)		64,239

The expected contribution to the plan represents an actuarial estimate of future assumed payments based on historic retirement, payment patterns, and statutory requirements. Actual amounts paid could differ from this estimate.

Employees of the plan who have achieved age 55 and are 30 years vested in the plan are eligible for early retirement at a reduced benefit. Certain employees are also eligible for a lump-sum distribution of their retirement benefits. The following table shows the benefits expected to be paid in each of the next five fiscal years ending June 30 and the aggregate to be paid for the subsequent five years assuming normal retirement age. Actual future benefit payments could differ from the estimate based on the election of the employees.

United Way of Greater Cleveland and The Cleveland Community Fund

Notes to Consolidated Financial Statements

Estimated Future Benefit Payments

2024	\$ 936,343
2025	779,668
2026	763,152
2027	762,262
2029	783,951
2029-2033	3,844,825

The investment objective of the pension plan is to assure the timely payment of promised benefits at a minimum cost consistent with prudent standards of investment, the adequacy of the plan's funding, and the age of the work force. The pension plan utilizes a diversified investment portfolio and seeks to earn returns consistent with a reasonable level of risk. The long-term expected return on plan assets is based upon the plan's investment allocation and anticipated returns for specific investment classes.

As long-term asset allocation is recognized as the primary determinant of performance, United Way of Greater Cleveland generally utilizes the following asset allocation targets to achieve its plan investment objectives: 62% equity securities and 38% fixed-income instruments (which can include debt securities, real estate investments, alternative investments, and government securities). Allocations are reviewed periodically and adjusted as necessary.

The market values of pension plan assets are compared periodically to the value of plan benefit obligations.

The future value of assets, as calculated based on the expected long-term rate of return, are also compared to expected future plan benefit distributions and contributions to determine the sufficiency of expected plan funding levels. Investment asset allocations are revised as appropriate.

The fair value of the pension plan investment assets, and their level within the fair value hierarchy described in Note 5, were as follows at June 30, 2023 and 2022 (see Note 5 for a description of how the fair value of assets are determined):

<i>June 30, 2023</i>	Level 1	Level 2	Level 3	Total
Mutual funds:				
Fixed income:				
Total bond fund	\$ 2,704,880	\$ -	\$ -	\$ 2,704,880
Equities:				
International	1,109,793	-	-	1,109,793
Multi-alternative	-	-	-	-
Large-cap index	2,986,529	-	-	2,986,529
Mid-cap index	506,777	-	-	506,777
Small-cap index	373,920	-	-	373,920
Real Assets	-	-	479,795	479,795
	\$ 7,681,899	\$ -	\$ 479,495	\$ 8,161,694

At June 30, 2023, the Organization also had \$135,874 of cash and cash equivalents and \$787 accrued interest within its pension plan assets.

United Way of Greater Cleveland and The Cleveland Community Fund

Notes to Consolidated Financial Statements

<i>June 30, 2022</i>	Level 1	Level 2	Level 3	Total
Mutual funds:				
Fixed income:				
Total bond fund	\$ 2,590,214	\$ -	\$ -	\$ 2,590,214
Equities:				
International	1,063,302	-	-	1,063,302
Multi-alternative	-	-	-	-
Large-cap index	3,167,505	-	-	3,167,505
Mid-cap index	496,472	-	-	496,472
Small-cap index	343,577	-	-	343,577
Real Assets	-	-	584,129	584,129
	\$ 7,661,979	\$ -	\$ 584,129	\$ 8,245,199

At June 30, 2022, the Organization also had \$78,381 of cash and cash equivalents and \$24 of accrued interest within its pension plan assets.

United Way of Greater Cleveland also sponsors a 403(b) defined contribution plan that covers all full-time employees. Beginning January 1, 2011, the 403(b) defined contribution plan provides for employer contributions to employees based on a formula involving multiple variables. Employer contributions relating to the 403(b) defined contribution plan were \$271,460 and \$135,416 for the years ended June 30, 2023 and 2022, respectively.

During the year ended June 30, 2023, additional information was provided by the investment advisors thus the investment in Real Assets was revised to Level 3 from Level 1. There was no change to the amounts reported. There were no purchases of Level 3 assets during the years ended June 30, 2023 or 2022.

6. Land, Building, and Equipment

Land, building, and equipment consists of the following:

<i>June 30,</i>	2023	2022
Land	\$ 512,500	\$ 512,500
Building and improvements	17,621,461	17,621,461
Office furniture, equipment, and management information systems	6,338,823	5,961,752
	24,472,785	24,095,713
Less: accumulated depreciation	(12,052,986)	(11,330,051)
Land, building, and equipment, net	\$ 12,419,799	\$ 12,765,662

United Way of Greater Cleveland and The Cleveland Community Fund

Notes to Consolidated Financial Statements

8. Debt

In June 2019, UWGC entered into a construction loan agreement (the “loan”) for up to \$8,000,000 with a bank for the renovation of UWGC’s main office building in Cleveland. The outstanding principal shall initially bear interest at the LIBOR rate plus 1.85%. Interest only on the outstanding balance is due from July 1, 2019 through January 1, 2020. Beginning February 1, 2020, UWGC shall commence making monthly principal payments based on a 25-year amortization schedule until maturity on July 1, 2029, at which point any remaining principal outstanding is due. The loan is secured by the main office building, which is owned by UWGC and leased to United Way Properties, LLC and subsequently sub-leased back to UWGC. The loan is further secured by an assignment of rents under the sub-lease and is guaranteed by The Cleveland Community Fund.

The Organization paid acquisition fees of \$185,564 during 2019 in relation to issuance of this construction loan. The acquisition fees are amortized over the term of the agreement using the straight-line method, which approximates the interest method, and are recorded as component of interest expense.

The expected debt maturities for the year ending June 30, 2023 are as follows:

	Principal	Amortized cost	Net
2024	\$ 214,453	\$ (18,556)	\$ 195,897
2025	223,585	(18,556)	205,029
2026	233,531	(18,556)	214,975
2027	243,475	(18,556)	224,919
2028	253,472	(18,556)	234,916
Thereafter	6,146,163	(18,559)	6,127,604
Total	\$ 7,314,679	\$ (111,339)	\$ 7,203,340

Interest expense was \$336,330 for the year ended June 30, 2023, which was comprised of mortgage interest paid of approximately \$429,000, offset by net swap settlement income of approximately \$111,000.

Effective January 2020, the UWGC entered into an interest rate swap agreement to effectively fix the interest rate at 4.12% on the outstanding debt agreement. Based on the swap agreement, the UWGC receives payments calculated at a variable rate equal to the 1-month USD-LIBOR-BBA rate (LIBOR) + 185 bps from the counter party to the swap. In return, the UWGC makes or receives payments to or from the counter party based on the fixed rate of 4.12%.

At June 30, 2023 and 2022, the one-month LIBOR rates were 7.02% and 1.79%. The notional amount of the agreement is \$7,332,212 and \$7,537,599 for the years ended June 30, 2023 and 2022, respectively, and it matures on July 1, 2029. The fair value of the interest rate swap on June 30, 2023 and 2022 was \$599,797 and \$254,913, respectively.

United Way of Greater Cleveland and The Cleveland Community Fund

Notes to Consolidated Financial Statements

9. Endowment Funds and Net Assets

Endowment Funds

Until December of 2022, the Organization collectively invested its funds and one sole donor restricted endowment fund which had previously been included within the Organization's investment balances. During the year ended June 30, 2023, the Organization was the recipient of a matching grant of up to \$10 million to build a donor restricted endowment (the "Unrestricted Endowment"). Under the terms of the matching grant, the Organization has agreed to set-aside up to \$10 million of its reserve cash funds to immediately fund matching donations to the Unrestricted Endowment. As matching donations in the form of quality pledges are received by the Organization, the Organization shall contribute an equal amount of reserve cash funds immediately to the Unrestricted Endowment and replenish its reserve cash funds as payments on the quality pledges are made to the Organization. A quality pledge means a written pledge or testamentary bequest of sufficient quality that a third-party bank or other lender will use as collateral under some type of borrowing arrangement. As of June 30, 2023, approximately \$5.4 million of the matching grant was funded by the granting foundation with an equal amount of unrestricted funds of the Organization funded into the Unrestricted Endowment.

As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the State of Ohio enacted version of the Uniform Prudent Management of Institutional Fund Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated, (b) the original value of subsequent gifts, and (c) accumulations to such fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the funds
- The purposes of the Organization and the donor-restricted endowment funds
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

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Notes to Consolidated Financial Statements

Endowment Net Asset Composition by Type of Fund as of:

<i>June 30, 2023</i>	Without Donor Restriction	With Donor Restriction	Total
Endowment funds	\$ 5,726,300	\$5,819,200	\$11,545,500

<i>June 30, 2022</i>	Without Donor Restriction	With Donor Restriction	Total
Endowment funds	\$ -	\$250,000	\$250,000

<i>Changes in Endowment Net Assets</i>	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2021	\$ -	\$ 250,000	\$ 250,000
Interest and dividends	-	-	-
Appropriation of endowment assets for expenditure	-	-	-
Endowment net assets, June 30, 2022	-	250,000	250,000
Contributions	5,355,000	5,355,000	10,710,000
Interest and dividends	371,300	214,200	585,500
Appropriation of endowment assets for expenditure	-	-	-
Endowment net assets, June 30, 2023	\$ 5,726,300	\$ 5,819,200	\$ 11,545,500

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for their investments that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the assets. Assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Directors, investments of all Organization assets are directed by the investment manager and monitored by the Investment Committee of the Organization. The standard for the Investment Committee with regard to the assets shall be the preservation of corpus while prudently maximizing real growth. The Organization conducts a quarterly monitoring of the portfolio. Investment performance is measured against the returns of an appropriate composite index, weighted according to the asset allocation mix of the portfolio.

United Way of Greater Cleveland and The Cleveland Community Fund

Notes to Consolidated Financial Statements

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

Recommendations for the use of assets free of donor restriction shall be the responsibility of the Board of Directors. Recommendations of the Board of Directors shall be executed by the management of the Organization. Except in special circumstances, and except for recommending specific uses of generally donor restricted funds, the Board of Directors shall limit recommendations in the aggregate to an amount which shall not exceed 4% of a three-year rolling average of the assets.

The endowed assets with donor restriction are presented as beneficial interest in assets held by community foundation in the accompanying consolidated statement of financial position. Distributions of these funds may be made in accordance with a four percent (4%) spending policy, multiplied by the average market value of the fund for the twelve consecutive calendar quarters ending the previous June 30th. Distributions are made in accordance with the policies of the community foundation managing the assets in accordance with their policies, then in effect, and on other such terms and conditions as in the judgment of the community foundation's board of directors shall be appropriate from time to time.

Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following:

<i>June 30,</i>	2023	2022
Restricted as to time	\$ 1,204,636	\$ 704,636
Restricted for impact, strategy, and innovations	1,466,996	1,386,423
Restricted for other program services	242,877	242,877
Perpetual in nature	5,819,200	250,000
Total	\$ 8,733,709	\$ 2,583,936

United Way of Greater Cleveland and The Cleveland Community Fund

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Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors. The net assets released from restrictions are as follows:

<i>June 30,</i>	2023	2022
Expiration of time restrictions	\$ 300,000	\$ 608,250
Satisfaction of purpose restrictions: Impact, strategy, and innovations	496,715	702,469
Other program services	-	177,900
Renovation	-	100,000
Total	\$ 726,715	\$ 1,588,619

Net Assets without Donor Restrictions

Net assets without donor restrictions consist of the following:

<i>June 30,</i>	2023	2022
Amounts invested in land, buildings and equipment	\$ 5,216,459	\$ 5,393,333
Board designated operating reserves	6,703,270	13,256,259
Board designated quasi-endowment	5,726,300	-
Net assets without donor restrictions	\$ 17,946,029	\$ 18,649,592

10. Commitments and Contingencies

During the normal course of operations, the Organization is subject to occasional legal proceedings and claims. In the opinion of management, the eventual outcome of the current proceedings and claims will not materially affect its financial condition or operations.

11. Liquidity and Availability of Resources

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization maintains board designated funds (net assets without donor restrictions) that the Organization intends to hold for purposes as outlined in *Board-designated Net Assets Without Donor Restrictions, Investment and Spending Policies*, which could be made available for current operations, if necessary.

United Way of Greater Cleveland and The Cleveland Community Fund

Notes to Consolidated Financial Statements

A reconciliation of the Organization's financial assets available within one year of June 30 for general expenditures are as follows:

<i>June 30,</i>	2023	2022
Cash and cash equivalents	\$ 1,866,455	\$ 3,363,557
Campaign receivables, net	10,119,150	11,796,801
Accounts receivables, agencies	1,115,415	935,798
Accounts receivables, other	855,469	520,653
Major gifts receivable, net	2,372,137	1,696,169
Marketable securities	9,293,649	14,200,326
Quasi-endowed investments	5,726,300	-
Beneficial interest in assets held by community foundation	5,606,470	-
	36,955,045	32,513,304
Less: Amounts unavailable for general expenditures within one year due to restrictions by donors as to time and use:	8,733,709	2,583,936
Less: Amounts under board designation:		
Board designated - operating reserves	6,703,270	13,256,259
Board designated - quasi-endowment	5,726,300	-
	12,429,570	13,256,259
Total financial assets unavailable	21,163,279	15,840,195
Total financial assets available to management for general expenditures within one year	\$ 15,791,766	\$ 16,673,109

*Management defines funds restricted for time that are not available for general expenditures within one year as those amounts expected to be collected in excess of twelve months from June 30, 2023.