

LAKE AREA UNITED WAY, INC.

LIVE UNITED



ANNUAL REPORT

DECEMBER 31, 2021 AND 2020

Lake Area United Way, Inc.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Lake Area United Way, Inc.
Muskogee, Oklahoma

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Lake Area United Way, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statement of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Lake Area United Way, Inc. as of December 31, 2021 and 2020, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lake Area 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 and Those Charged With Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Lake Area United Way, Inc.'s ability to continue as a going concern for the December 31, 2022 fiscal year.

Auditors' 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 auditors' 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, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users made on the basis of these financial statements.

In performing an audit in accordance with GASS 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 of the effectiveness of Lake Area 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lake Area United Way, Inc.'s ability to continue as a going concern for a reasonable period of time.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Lake Area United Way, Inc. to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit of Lake Area United Way, Inc. We remain solely responsible for our audit opinion.

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.

Other Matter - Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of agency allocations on page 11 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 basic financial statements as a whole.



Clothier & Company CPA's, PC
May 10, 2022

Lake Area United Way, Inc.

STATEMENT OF FINANCIAL POSITION

For the Year Ended December 31, 2021 and 2020

	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 672,753	\$ 444,434
Pledges receivable, net of \$30,000 allowance	314,552	275,756
Other receivables	0	0
Certificates of deposit	0	0
Total Current Assets	<u>987,305</u>	<u>720,190</u>
Fixed Assets		
Fixed assets	19,841	19,842
Less: Accumulated depreciation	(16,300)	(15,169)
Total Fixed Assets	<u>3,541</u>	<u>4,673</u>
Other Assets		
Investments	<u>280,403</u>	<u>266,951</u>
Total Assets	<u><u>\$ 1,271,249</u></u>	<u><u>\$ 991,814</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 0	\$ 0
Accrued expenses	2,850	4,208
Donor restricted pledges	48,367	31,290
Total Current Liabilities	<u>51,217</u>	<u>35,498</u>
NET ASSETS		
Unrestricted	654,321	605,201
Restricted	565,711	351,115
Total Net Assets	<u>1,220,032</u>	<u>956,316</u>
Total Liabilities and Net Assets	<u><u>\$ 1,271,249</u></u>	<u><u>\$ 991,814</u></u>

See accompanying notes and independent auditors' report.

Lake Area United Way, Inc.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2021 and 2020

			Total			Total
REVENUES, GAINS, AND OTHER SUPPORT	<u>Unrestricted</u>	<u>Restricted</u>	<u>2021</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>2020</u>
Contributions	\$ 109,422	\$ 381,318	\$ 490,740	\$ 78,099	\$ 350,234	\$ 428,333
Special events	11,111	0	11,111	12	0	12
Administrative fees	1,333	0	1,333	237	0	237
Grant income	0	54,539	54,539	0	18,000	18,000
Freedman grant	147,000	0	147,000	0	0	0
Int./Div/Gain(Loss) income	13,477	0	13,477	21,316	0	21,316
Miscellaneous income	0	0	0	57,435	0	57,435
Net assets released from restrictions:						
Expiration of time restrictions	460,928	(460,928)	0	478,047	(478,047)	0
 Total revenues and other support	<u>743,271</u>	<u>(25,071)</u>	<u>718,200</u>	<u>635,146</u>	<u>(109,813)</u>	<u>525,333</u>
 EXPENSES AND LOSSES						
Program services	374,234	0	374,234	441,120	0	441,120
Management and general	38,599	0	38,599	38,342	0	38,342
Fund raising	41,651	0	41,651	44,916	0	44,916
 Total expenses	<u>454,484</u>	<u>0</u>	<u>454,484</u>	<u>524,378</u>	<u>0</u>	<u>524,378</u>
 Change in net assets	288,787	(25,071)	263,716	110,768	(109,813)	955
 Net assets at beginning of year	<u>365,534</u>	<u>590,782</u>	<u>956,316</u>	<u>494,433</u>	<u>460,928</u>	<u>955,361</u>
 Net assets at end of year	<u>\$ 654,321</u>	<u>\$ 565,711</u>	<u>\$ 1,220,032</u>	<u>\$ 605,201</u>	<u>\$ 351,115</u>	<u>\$ 956,316</u>

See accompanying notes and independent auditors' report.

Lake Area United Way, Inc.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities:		
Change in net assets	\$ 263,716	\$ 110,813
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	1,131	(1,281)
Loss on disposition of assets	0	1,281
(Increase) decrease in receivable	(38,796)	(21,813)
(Increase) decrease in C.D.'s and Trust Fund	11,369	(23,883)
Increase (decrease) in accounts payable	0	0
Increase (decrease) in accrued expenses	(1,358)	(1,951)
Increase (decrease) in donor designated pledges	17,077	384
Net cash provided by operating activities	253,139	63,550
Cash flows from investing activities:		
Purchase of equipment	0	0
Net cash provided (used) by investing activities	0	0
Cash flows from financing activities	0	0
Net increase in cash and cash equivalents	253,139	63,550
Cash and cash equivalents at beginning of year	419,614	356,064
Cash and cash equivalents at end of year	\$ 672,753	\$ 419,614

See accompanying notes and independent auditors' report.

Lake Area United Way, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2021 and 2020

	Program Services	Supporting Services		Total 2021	Total 2020
		Management and General	Fund Raising		
Salaries	\$ 34,898	\$ 22,197	\$ 23,953	81,048	114,382
Employee benefits	2,518	1,602	1,728	5,848	5,461
Payroll taxes	2,667	1,696	1,831	6,194	8,965
Total Personnel Expenses	40,083	25,495	27,512	93,090	128,808
Allocation to agencies	288,225	0	0	288,225	319,135
Professional fees	2,393	1,522	1,643	5,558	5,630
Supplies	306	195	210	711	1,092
Telephone and telegraph	2,115	1,345	1,451	4,911	4,586
Postage and shipping	178	113	122	413	532
Occupancy	3,559	2,264	2,443	8,266	8,113
Equipment maintenance	1,261	802	865	2,928	3,027
Media/Adv/Promos	1,210	770	830	2,810	6,319
Travel /Mileage allowance	723	460	496	1,679	2,197
Conferences	58	37	40	135	115
Memberships and dues	4,702	2,990	3,227	10,919	5,785
Meeting expenses	470	299	323	1,092	6,285
Campaign expense	2,196	0	0	2,196	2,699
Software/Licensing	1,349	858	926	3,133	2,873
Miscellaneous	16	10	11	37	1,318
Bad debts	23,128	0	0	23,128	24,443
Special events	1,775	1,129	1,218	4,122	437
Total Operating Expenses	333,664	12,794	13,805	360,263	394,586
Depreciation	487	310	334	1,131	984
Total Functional Expenses	<u>374,234</u>	<u>38,599</u>	<u>41,651</u>	<u>454,484</u>	<u>434,194</u>

See accompanying notes and independent auditors' report.

Lake Area United Way, Inc.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2021 and 2020

NOTE 1 – NATURE OF THE ORGANIZATION & SIGNIFICANT ACCOUNTING POLICIES

The Lake Area United Way, Inc. (United Way) was incorporated in 1939 under the laws of the State of Oklahoma and until August, 1979, operated as Muskogee Community Chest, Inc. In 2000, the Board of Directors approved a change in the organization's name to Lake Area United Way, Inc. The following summarizes the more significant accounting policies employed by the United Way.

Basis of Accounting

The financial statements of Lake Area United Way, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). (ASC) 958-205 was effective January 1, 2018. Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Unrestricted Net Assets: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

Restricted Net Assets: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

Lake Area United Way, Inc. maintains a separate pooled bank account for the campaigns, and has an operating account for the day to day operations. For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support 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 support. Absent donor

Lake Area United Way, Inc.

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 restricted net assets to unrestricted net assets at that time.

Donated Services

For the year ended December 31, 2021 and 2020, the Organization has recorded no donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax Status

The Organization is exempt from federal income tax under 501(c)(3) of the Internal Revenue Code. However, income, if any, from certain activities not directly related to the Organization's tax-exempt purpose would be subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an entity that is not a private foundation under Section 509(a)(2).

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2019, 2020, and 2021 are subject to examination by the IRS generally for three years after they were filed.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at the fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Fair Value Measurements

The Organization accounts for its financial assets and liabilities in accordance with ASC 820-10. This codified standard defines fair value measurement based on an exit price. An exit price is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, as opposed to an entry price which is the transaction price that would be paid to acquire an asset or received to assume a liability. In most instances these prices are different, however they can be equal. The codified standard also establishes valuation techniques that include the following:

1. Market approach — prices derived from market transactions for identical or comparable assets or liabilities,
2. Income approach — conversion of future amounts such as cash flows or earnings to a single present amount based on current market expectations about those future amounts and/or,

3. Cost approach — the amount that would currently be required to replace the service capacity of an asset.

The codified standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels:

- Level 1: Quoted prices in active markets for identical assets or liabilities. These include, but are not limited to, cash and cash equivalents, common and preferred stocks, and mutual funds;
- Level 2: Inputs that are derived principally from or corroborated by observable market data. These include, but are not limited to, government agency issues, corporate bonds and municipal securities;
- Level 3: Inputs that are unobservable and significant to the overall fair value measurement. These include, but are not limited to, nonpublic common stocks and personally held notes receivable.

Financial assets and liabilities of the Organization are carried at fair value on a recurring basis in the financial statements. The Organization financial instruments include investments and beneficial interest in assets, if any, held by others. All financial instruments of the Organization are valued using inputs qualifying as Level 1 in the above-defined hierarchy.

Investment Income and Gains

Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the assets as follows:

Office Equipment	5-10 years
Furniture and Fixtures	7-8 years
Computer Equipment	5-7 years

Restricted and Unrestricted Revenue and Support

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in restricted net assets. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Use of Estimates

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

NOTE 2 – PLEDGES RECEIVABLE

Accounts receivable as of December 31, 2021 and 2020 are comprised of the following:

	Receivable	Reserve	Net 2021	Net 2020
2019 PLEDGE REC 2020 FUNDING	0	0	0	35,485
2020 PLEDGE REC 2021 FUNDING	46,201	4,620	41,581	240,271
2021 PLEDGE REC 2022 FUNDING	298,351	25,380	272,971	0
	<u>\$344,551</u>	<u>\$30,000</u>	<u>\$314,552</u>	<u>\$275,756</u>

Note: All campaign pledges receivables are expected to be collected within one year from the date the pledge is received.

NOTE 3 – CONCENTRATIONS OF CREDIT

The Organization maintains cash balances at several financial institutions located in Muskogee, Oklahoma. The Federal Deposit Insurance Corporation insures accounts up to \$250,000 at each institution. For the year ended December 31, 2021 and 2020, the Organization had no cash balances that were uninsured.

NOTE 4 – RESTRICTIONS ON NET ASSETS

Restricted net assets available for the subsequent year's activities:

	<u>2021</u>	<u>2020</u>
Cash in bank	\$322,740	\$106,654
Pledges receivable	272,971	305,755
Allowance for doubtful pledges	(30,000)	(30,000)
Donor designated pledges	(0)	(31,294)
Total restricted net assets	<u>\$565,711</u>	<u>\$351,116</u>

Restricted net assets increased this year with cash in bank being the predominant change. Cash in the bank includes funds for the newest campaign, Helping Hand program, and Financial Literacy Grant that is restricted.

Lake Area United Way, Inc.

NOTE 5 – ADVERTISING

The Organization uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During 2021, advertising costs totaled \$1,732.

NOTE 6 – INVESTMENTS

The Organization's investment assets at December 31, 2021 consisted of money market, certificates of deposit, and mutual funds recorded at market value as summarized below:

		Cost	Fair Value	Gain/(Loss)
ABALX	American Balanced Fund CI A	33,921	46,911	12,990
AEPGX	American Europacific Growth Fund CI A	7,933	11,726	3,793
AFTEX	American Tax-Exem Bond Fund of America CIA	43,033	44,624	1,591
AGTHX	American Growth Fund of America CI A	11,736	18,889	7,153
AMECX	American Income Fund of America Fund CI A	4,902	6,709	1,807
ANCFX	American Fundamental Investors Fund CI A	11,393	15,748	4,355
CAIBX	American Capital Income Builder Fund CI A	4,556	5,621	1,065
CWBFX	American Capital World Bond Fund CI A	47,243	46,653	(590)
FHIX	Federated High Income Bond Fund CI A	16,803	16,714	(89)
		181,520	213,595	32,075
	Money Market- balance 12/31/21		66,807	
	Total Investments		280,402	

NOTE 7 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through the date which the financial statements were available to be issued, and found none that needed disclosed.

Supplemental Information

Lake Area United Way
SCHEDULE OF AGENCY ALLOCATIONS
For the Year Ended December 31, 2021 and 2020

	2021	2020
<u>PARTNER AGENCIES:</u>		
American Red Cross	\$ 23,692	\$ 30,582
Boys & Girls Club of Tahlequah, Ok Inc	7,865	9,282
CASA for Children in Muskogee	22,410	26,403
CASA of Cherokee Country	6,738	7,594
Dolly Parton Imagination Library	18,000	19,143
Girl Scouts of Eastern Oklahoma, Magic Empire Council	5,000	11,535
Hope House of Cherokee County	5,042	6,662
Kelly B. Todd Cerebral Palsy & Neuromuscular Center	35,364	36,511
Kid's Space - Muskogee County Child Advocacy Center	25,769	30,116
Legal Aid Services of Oklahoma	16,865	23,602
Muskogee County Council of Youth Services	15,605	16,589
R.I.S.E.	3,932	0
United Methodist Children's Home - Tahlequah	8,566	8,896
Volunteers of America - R.S.V.P	13,332	14,171
Women in Safe Home - W.I.S.H.	27,495	33,064
Total Partner Agency Allocations	<u>235,675</u>	<u>274,150</u>
<u>NON-MEMBER AGENCIES:</u>		
Legal Services of Eastern OK - Tahlequah	21,613	22,541
Other Allocations - Non Member	0	24,373
Total Non-Member Agency Allocations	<u>21,613</u>	<u>46,914</u>
<u>PROGRAMS:</u>		
Dollywood Foundation	29,479	30,896
Total Program Allocations	<u>29,479</u>	<u>30,896</u>
Total Allocations	286,767	351,960
Less: Designated Pledges	(31,290)	(32,531)
Total Adjusted Allocations	<u><u>\$ 255,477</u></u>	<u><u>\$ 319,429</u></u>

The preceding amounts are the sum of cash paid and amounts payable to the organizations. The totals will differ from the amounts reported in the Statement of Functional Expenses due to donor designated pledges, which are not recorded as revenue when pledged or as expenses when paid.

See accompanying notes and independent auditors' report.