



**United Way
of the Lakeshore**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
United Way of the Lakeshore

Opinion

We have audited the accompanying financial statements of United Way of the Lakeshore (the "Organization"), which comprise the statements of financial position as of December 31, 2023 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Prior Period Financial Statements

The financial statements of the Organization as of December 31, 2022 were audited by other auditors whose report dated June 23, 2023 expressed an unmodified opinion on those financial statements.

Responsibilities of Management 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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.



Gabridge & Company, PLC
Grand Rapids, MI
April 29, 2024

United Way of the Lakeshore
Statements of Net Position
December 31, 2023 and December 31, 2022

	2023	2022
ASSETS		
<i>Current Assets</i>		
Cash and Cash Equivalents	\$ 447,248	\$ 683,138
Investments	501,886	412,214
Accounts Receivable	74,552	9,907
Pledges Receivables, Net of Allowance for Uncollectible		
Pledges of \$425,579 (\$286,341 for 2022)	679,384	965,314
Prepaid Expenses	-	7,704
Beneficial Interest in Assets Held by Others	853,787	817,296
Total Current Assets	2,556,857	2,895,573
<i>Noncurrent Assets</i>		
Property and Equipment (Net)	757,524	808,795
Total Assets	\$ 3,314,381	\$ 3,704,368
LIABILITIES AND NET ASSETS		
<i>Current Liabilities</i>		
Accounts Payable	\$ 31,124	\$ 39,288
Accrued Liabilities	41,057	-
Deferred Revenue	138,749	-
Designations Payable	33,429	225,739
Total Current Liabilities	244,359	265,027
NET ASSETS		
<i>Without Donor Restrictions</i>		
Net Investment in Property and Equipment	757,524	808,795
Designated for Beneficial Interest in Assets Held by Others	853,787	817,296
Designated for Building Fund	135,309	155,991
Undesignated	397,786	558,252
Total Without Donor Restrictions	2,144,406	2,340,334
With Donor Restrictions	925,616	1,099,007
Total Net Assets	3,070,022	3,439,341
Total Liabilities and Net Assets	\$ 3,314,381	\$ 3,704,368

The Notes to the Financial Statements are an integral part of these Financial Statements

United Way of the Lakeshore
Statements of Activities
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	2023 Total
Revenue, Gains, and Other Support			
Gross Campaign Results (2020/2021)	\$ 158,977	\$ -	\$ 158,977
Gross Campaign Results (2021/2022)	873,852	-	873,852
Prior Year Gross Campaign Results Released from Restrictions	1,073,344	(1,073,344)	-
Total Campaign Results (2020-2022)	2,106,173	(1,073,344)	1,032,829
Plus Change in Donor Designations	123,116	-	123,116
Less Noncampaign Dollars	(465,021)	-	(465,021)
Less Allowance for Uncollectible Pledges	(73,326)	-	(73,326)
<i>Net Prior Years' Campaign Revenues</i>	<i>1,690,942</i>	<i>(1,073,344)</i>	<i>617,598</i>
Current Year Gross Campaign Revenue	-	1,033,664	1,033,664
Less Donor Designations	-	(87,873)	(87,873)
Less Noncampaign Dollars	-	(29,479)	(29,479)
Less Allowance for Uncollectible Pledges	-	(51,683)	(51,683)
<i>Net Current Year Campaign Revenues</i>	<i>-</i>	<i>864,629</i>	<i>864,629</i>
Other Grant Revenue	713,731	50,000	763,731
Net Assets Released from Restriction	25,664	(25,664)	-
Total Public Support	2,430,337	(184,379)	2,245,958
Net Investment Income	189,745	-	189,745
Lease Income	72,125	-	72,125
Sponsorships	123,157	10,988	134,145
Admin Fees	2,342	-	2,342
Other	8,986	-	8,986
Total Public Support, Revenue, and Gains (Losses)	2,826,692	(173,391)	2,653,301
Expenses			
Program Services:			
Community Impact	2,018,492	-	2,018,492
Promoting Volunteerism	189,701	-	189,701
Human Service Center	133,580	-	133,580
Total Program Services	2,341,773	-	2,341,773
Support Services:			
Management and General	328,646	-	328,646
Fundraising	352,201	-	352,201
<i>Total Support Services Expenses</i>	<i>680,847</i>	<i>-</i>	<i>680,847</i>
<i>Total Expenses</i>	<i>3,022,620</i>	<i>-</i>	<i>3,022,620</i>
<i>Change in Net Assets</i>	<i>(195,928)</i>	<i>(173,391)</i>	<i>(369,319)</i>
<i>Net Assets at Beginning of Period</i>	<i>2,340,334</i>	<i>1,099,007</i>	<i>3,439,341</i>
Net Assets at End of Period	\$ 2,144,406	\$ 925,616	\$ 3,070,022

The Notes to the Financial Statements are an integral part of these Financial Statements

United Way of the Lakeshore
Statements of Activities
For the Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Total</u>
Revenue, Gains, and Other Support			
Gross Campaign Results (2019/2020)	\$ 141,918	\$ -	\$ 141,918
Gross Campaign Results (2020/2021)	844,110	-	844,110
Prior Year Gross Campaign Results Released from Restrictions	1,110,913	(1,110,913)	-
Total Campaign Results (2019-2021)	2,096,941	(1,110,913)	986,028
Less Donor Designations	(166,964)	166,964	-
Less Allowance for Uncollectible Pledges	(184,226)	94,933	(89,293)
<i>Net Prior Years' Campaign Revenues</i>	<u>1,745,751</u>	<u>(849,016)</u>	<u>896,735</u>
Current Year Gross Campaign Revenue	-	1,388,375	1,388,375
Less Donor Designations	-	(225,738)	(225,738)
Less Allowance for Uncollectible Pledges	-	(89,293)	(89,293)
<i>Net Current Year Campaign Revenues</i>	<u>-</u>	<u>1,073,344</u>	<u>1,073,344</u>
Designations from Other United Ways	162,483	-	162,483
Other Grant Revenue	626,212	50,000	676,212
Net Assets Released from Restriction	64,000	(64,000)	-
Total Public Support	<u>2,598,446</u>	<u>210,328</u>	<u>2,808,774</u>
Net Investment Loss	(206,183)	-	(206,183)
Lease Income	79,541	-	79,541
Other	124,593	-	124,593
Total Public Support, Revenue, and Gains (Losses)	<u>2,596,397</u>	<u>210,328</u>	<u>2,806,725</u>
Expenses			
Program Services:			
Community Impact	2,101,922	-	2,101,922
Promoting Volunteerism	205,419	-	205,419
Human Service Center	103,920	-	103,920
Total Program Services	<u>2,411,261</u>	<u>-</u>	<u>2,411,261</u>
Support Services:			
Management and General	414,306	-	414,306
Fundraising	306,154	-	306,154
<i>Total Support Services Expenses</i>	<u>720,460</u>	<u>-</u>	<u>720,460</u>
<i>Total Expenses</i>	<u>3,131,721</u>	<u>-</u>	<u>3,131,721</u>
<i>Change in Net Assets</i>	(535,324)	210,328	(324,996)
<i>Net Assets at Beginning of Period</i>	2,875,658	888,679	3,764,337
<i>Net Assets at End of Period</i>	<u>\$ 2,340,334</u>	<u>\$ 1,099,007</u>	<u>\$ 3,439,341</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

**United Way of the Lakeshore
Statements of Functional Expenses
For the Year Ended December 31, 2023**

	Program Services				Supporting Services			2023 Total
	Community Impact	Promoting Volunteerism	Human Service Center	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Allocations / Awards	\$ 927,219	\$ -	\$ -	\$ 927,219	\$ -	\$ -	\$ -	\$ 927,219
Grant Initiatives and Special Events	543,998	46,697	-	590,695	4,772	21,809	26,581	617,276
Personnel Costs								
Salaries	368,238	104,440	-	472,678	62,576	219,212	281,788	754,466
Employee Benefits	67,259	12,605	-	79,864	21,826	34,026	55,852	135,716
Payroll Taxes	27,457	7,990	-	35,447	4,787	16,770	21,557	57,004
Total Personnel Costs	462,954	125,035	-	587,989	89,189	270,008	359,197	947,186
Contracted Services	-	-	-	-	100,177	-	100,177	100,177
Legal and Audit	-	-	-	-	14,800	-	14,800	14,800
Computer Consulting Fees	9,639	5,894	-	15,533	26,337	7,633	33,970	49,503
Office Supplies	2,407	696	193	3,296	11,366	97	11,463	14,759
Telephone	3,301	888	694	4,883	1,769	1,600	3,369	8,252
Postage	-	-	-	-	5,918	-	5,918	5,918
Occupancy Costs	9,000	1,200	-	10,200	1,800	-	1,800	12,000
Maintenance Services	2,070	-	57,716	59,786	216	-	216	60,002
Equipment Expenses	4,961	602	-	5,563	4,929	748	5,677	11,240
Printing	1,056	477	-	1,533	3,619	3,409	7,028	8,561
Promotional Material	4,128	114	-	4,242	3,014	10,775	13,789	18,031
Community Support	1,934	494	-	2,428	8,055	2,809	10,864	13,292
Affiliate Dues	19,610	-	-	19,610	19,763	9,805	29,568	49,178
Auto Allowance	21	-	-	21	1,413	3,365	4,778	4,799
Mileage and Parking	9,152	1,213	-	10,365	1,436	844	2,280	12,645
Awards	359	58	-	417	509	1,135	1,644	2,061
Utilities	457	-	23,706	24,163	2,778	-	2,778	26,941
Conference and Workshops	2,191	4,570	-	6,761	5,806	1,000	6,806	13,567
Meeting Expense	10,839	1,763	-	12,602	2,657	657	3,314	15,916
Insurance	868	-	-	868	9,578	-	9,578	10,446
Marketing	155	-	-	155	3,200	8,470	11,670	11,825
Depreciation	-	-	51,271	51,271	-	-	-	51,271
Bank and Credit Card Fees	566	-	-	566	1,603	7,230	8,833	9,399
Miscellaneous	1,607	-	-	1,607	3,942	807	4,749	6,356
Total Expenses	\$ 2,018,492	\$ 189,701	\$ 133,580	\$ 2,341,773	\$ 328,646	\$ 352,201	\$ 680,847	\$ 3,022,620

The Notes to the Financial Statements are an integral part of these Financial Statements

**United Way of the Lakeshore
Statements of Functional Expenses
For the Year Ended December 31, 2022**

	Program Services				Supporting Services			2022 Total
	Community Impact	Promoting Volunteerism	Human Service Center	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Allocations / Awards	\$ 1,809,274	\$ -	\$ -	\$ 1,809,274	\$ -	\$ -	\$ -	\$ 1,809,274
Personnel Costs								
Salaries	201,229	123,814	612	325,655	55,282	237,629	292,911	618,566
Employee Benefits	23,125	19,156	129	42,410	39,579	23,015	62,594	105,004
Payroll Taxes	14,792	9,602	50	24,444	4,669	18,986	23,655	48,099
Total Personnel Costs	<u>239,146</u>	<u>152,572</u>	<u>791</u>	<u>392,509</u>	<u>99,530</u>	<u>279,630</u>	<u>379,160</u>	<u>771,669</u>
Contracted Services	5,110	1,623	-	6,733	92,329	1,425	93,754	100,487
Legal and Audit	-	-	-	-	14,300	-	14,300	14,300
Office Supplies	675	1,380	149	2,204	14,569	-	14,569	16,773
Telephone	228	1,463	-	1,691	5,715	1,245	6,960	8,651
Postage	1,543	1,974	-	3,517	4,295	1,322	5,617	9,134
Occupancy Costs	1,540	2,420	-	3,960	4,800	3,240	8,040	12,000
Maintenance Services	1,502	1,678	65,377	68,557	1,719	1,824	3,543	72,100
Printing	3,076	1,042	-	4,118	945	5,383	6,328	10,446
Local Events, Dues, and Subscriptions	308	849	-	1,157	8,330	10	8,340	9,497
Affiliate Dues	5,801	9,065	-	14,866	14,141	7,252	21,393	36,259
Auto Allowance	1,677	137	-	1,814	1,544	1,442	2,986	4,800
Mileage and Parking	2,335	2,394	-	4,729	115	3,520	3,635	8,364
Awards	391	3,314	-	3,705	112	82	194	3,899
Event and Meeting Supplies	20,538	16,997	-	37,535	4,581	45,451	50,032	87,567
Computer Costs	6,531	3,597	-	10,128	22,558	7,152	29,710	39,838
Insurance	545	868	6,326	7,739	1,350	1,513	2,863	10,602
Campaign Supplies	-	-	-	-	-	18,478	18,478	18,478
Staff Development	-	16	-	16	948	711	1,659	1,675
Training	-	3,000	-	3,000	997	-	997	3,997
Marketing	-	508	-	508	10,000	32,980	42,980	43,488
Depreciation	-	-	31,277	31,277	-	-	-	31,277
Bank and Credit Card Fees	-	-	-	-	3,276	-	3,276	3,276
Miscellaneous	1,702	522	-	2,224	-	1,646	1,646	3,870
Total Expenses	<u>\$ 2,101,922</u>	<u>\$ 205,419</u>	<u>\$ 103,920</u>	<u>\$ 2,411,261</u>	<u>\$ 306,154</u>	<u>\$ 414,306</u>	<u>\$ 720,460</u>	<u>\$ 3,131,721</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

United Way of the Lakeshore
Statements of Cash Flows
For the Years Ended December 31, 2023 and December 31, 2022

	2023	2022
Cash Flows From Operating Activities		
Decrease in Net Assets	\$ (369,319)	\$ (324,996)
Adjustments to Reconcile Decrease in Net Assets to		
Net Cash Used by Operating Activities:		
Depreciation	51,271	31,277
Provision for Uncollectible Pledges	139,238	129,329
Realized and Unrealized Loss on Investments	(89,672)	33,602
Changes in Value of Beneficial Interest in Assets Held by Others	(126,357)	178,141
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(64,645)	2,523
Pledges Receivable	146,692	(333,385)
Prepaid Expenses and Other Assets	7,704	(82)
Accounts Payable	(8,164)	(25,925)
Accrued Liabilities	41,057	-
Deferred Revenue	138,749	-
Donor Designations Payable	(192,310)	58,775
<i>Net Cash Used by Operating Activities</i>	(325,756)	(250,741)
Cash Flows From Investing Activities		
Purchases of Capital Assets	-	(2,478)
Redemption of Certificates of Deposit	-	116,684
Purchases of Investments	-	(445,816)
Distributions from Beneficial Interest in Assets Held by Others	89,866	757
<i>Net Cash Provided (Used) by Investing Activities</i>	89,866	(330,853)
Net Decrease in Cash	(235,890)	(581,594)
<i>Cash at Beginning of Period</i>	683,138	1,264,732
Cash at End of Period	\$ 447,248	\$ 683,138

The Notes to the Financial Statements are an integral part of these Financial Statements

Notes to the Financial Statements

United Way of the Lakeshore, Inc.

Notes to the Financial Statements

Note 1 - Principal Activity and Significant Accounting Policies

Nature of Activities

The United Way of the Lakeshore, Inc. (the “Organization”) is a Michigan not-for-profit organization whose purpose is to assess human service needs, conduct annual fund raising campaigns, and allocate and disburse financial support to agencies and programs direct at servicing those needs, primarily in and for the benefit of the people of Muskegon, Oceana, and Newaygo counties.

Basis of Accounting and Presentation

The financial statements have been prepared on the accrual basis of accounting and otherwise in accordance with generally accepted accounting principles applicable to not-for-profit organizations in the United States of America.

Use of Estimates

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from the estimates. Significant estimates include, but are not limited to, the allowance of uncollectable pledges receivable.

Donated Gifts and Services

No amounts have been reflected for donated services as the services do not qualify for the recognition in the financial statements, as they do not require specialized knowledge or skills; however, a substantial number of volunteers have donated a significant amount of time to the Organization, particularly throughout the annual fundraising period.

Fundraising

Fundraising revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. We recognize fundraising revenue equal to the fair value of direct benefits to donors when the fundraiser takes place. We recognize the contribution element of fundraising revenue immediately, unless there is a right of return if the fundraiser does not take place.

Cash and Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization maintains cash deposits with financial

United Way of the Lakeshore, Inc.

Notes to the Financial Statements

institutions located in western Michigan, which at times, may exceed the federally insured limits. Management does not believe the Organization is exposed to any significant interest rate or other financial risk on these deposits.

Investments and Beneficial Interest in Assets Held by Others

Investments are carried at quoted fair market value. Donated investments are recorded at fair value at the date of donation. Unrealized increase or decrease resulting from changes in the fair market value of investments are included annually in the statement of activities. Realized gains and losses are recorded using specific identification of the assets sold. Investment income and losses are reported net of external investment expenses.

Beneficial interest in assets held by others is carried at the estimated fair value of the underlying assets with the change value included annually in investment income (loss).

Investments are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the fair value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in these financial statements.

Fair Value Measurements

Fair value is defined as 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. A fair value hierarchy is also established which requires an entity to maximize the use of observable and minimize the use of unobservable inputs.

There are three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk, and others.
- Level 3: Prices determined using significant unobservable inputs. Unobservable inputs may be used in situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period). Unobservable inputs reflect the Organization's own assumptions about the factors market participants would use in pricing an investment, and would be based on the best information available.

United Way of the Lakeshore, Inc.

Notes to the Financial Statements

Property and Equipment

Property and equipment are recorded at cost when purchased or at fair value at the date of donation and being depreciated on a straight-line basis over their estimated useful lives, which range from three to forty years. Costs of maintenance and repairs are charged to expense when incurred.

Pledges Receivable

Pledges receivable consist of amounts pledged to the Organization from the annual fund drive conducted each fall. The pledges are expected to be collected during the following year. The contributions are recognized as revenue in the year for which the pledges were received. The pledges are reported net of an allowance for doubtful accounts. The allowance for doubtful accounts is estimated by management.

Contributions

Campaign Pledges and Collections

Campaign pledges are recognized as support when the donor makes a promise to give that is, in substance, unconditional. Conditional promises to give – that is, those with a measurable performance or other barrier and right of return – are not recognized until the condition on which they depend has been met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promise to give that are expected to be collected in future years are recorded at present value of estimated future cash flows. There were no conditional promise to give outstanding at December 31, 2023 and 2022.

Annual campaigns are conducted each year to raise support for allocations to participating agencies in the subsequent calendar year. Campaign collections and pledges receivable are classified as net assets with donor restrictions until the year of allocation to such agencies. Campaign cost are expensed in the year in which they are incurred. All contributions are considered available for use in general operations unless specifically restricted by the donor. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues in the net assets without donor restrictions class. Pledges receivable are recorded in the state of financial position and allowances are provided for amount estimated to be uncollectible.

Certain funding of the Organization is received through reimbursement grants and agreements. Grants are recognized at the same time the service is provided or reimbursable expense is incurred. Grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses.

United Way of the Lakeshore, Inc.

Notes to the Financial Statements

Net Assets Classifications

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor or grantor imposed restrictions or for which the donor or grantor imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

Net assets with donor restrictions - 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 Organization and/or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Allocations and Designations Payable

Designations payable represent amounts received with specific donor designations to external organizations. These funds are reported in gross campaign revenues for the Organization, but are eliminated from net revenue under management. As required by GAAP, such amounts are reported as a liability until forwarded to the designated agency or other qualifying organization.

The Organization pays allocations related to each campaign based on a 12-month disbursement period, covering July 1, 2023 to June 30, 2024 in 2023 and covering July 1, 2022 to June 30, 2023 in 2022. Designations payable represent unpaid designations as of December 31, 2023 and 2022, net of reserve for uncollectible pledges. Promises to contribute that stipulate conditions to be met before the contribution is made are not recorded until the conditions are met.

Functional Allocation of Expenses

The costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and related expenses are allocated on the basis of time and effort. Costs have been allocated between the various programs and support services based on estimates determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

United Way of the Lakeshore, Inc.

Notes to the Financial Statements

Tax Status

The Organization is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is exempt from similar state and local taxes. Although the Organization was granted income tax exemption by the internal revenue service, such exemption does not apply to “unrelated business taxable income.” Such income, pursuant to the Internal Revenue Code and related regulations, includes investment income such as interest received from sources other than directly from the membership. The Organization has been classified as not a private foundation.

The Organization analyzes its income tax filing positions in the federal and state jurisdictions where it is required to file income tax returns, as well as all open tax years in these jurisdictions, to identify potential uncertain tax positions.

The Organization has evaluated its income tax filing positions for 2020 through 2023, the years which remain subject to the examination as of December 31, 2023. The Organization concluded that there are no significant uncertain tax positions requiring recognition in the organization’s financial statements. The Organization does not expect the total amount of unrecognized tax benefits to significantly change in the next twelve months. The Organization does not have any amounts accrued for interest and penalties related to unrecognized tax benefits at December 31, 2023 or 2022, and is not aware of any claims for such amounts by federal or state income tax authorities.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including April 29, 2024, which is the date the financial statements were available to be issued. The Organization is not aware of any matters, commitments, or contingencies that would have a material effect on its financial condition or results of operation.

United Way of the Lakeshore, Inc.

Notes to the Financial Statements

Note 2 - Pledges Receivable

Pledges receivable consist of the following at December 31:

	2023	2022
Current Year Campaign	\$ 556,501	\$ 855,593
Less Allowance for Uncollectible Pledges	51,683	91,262
<i>Net Pledges Receivable</i>	504,818	764,331
Prior Year Campaigns	498,462	346,062
Less Allowance for Uncollectible Pledges	373,896	195,079
<i>Net Prior Year Campaign</i>	124,566	150,983
Capital Campaign	50,000	50,000
<i>Total Pledges Receivable, Net of Allowance for Uncollectible Pledges</i>	\$ 679,384	\$ 965,314

The allowance for uncollectible pledges is computed based on management's estimate of current economic factors, applied to the gross campaign results, including donor designations. In 2023 the percentage applied to the gross campaign results for the current year campaign was 5% and the percentage applied to the gross campaign results for the prior year campaign was 7%. In 2022 the percentage applied to the gross campaign results for the current year campaign was 6% and the percentage applied to the gross campaign results for the prior year campaign was 9%. All pledges are expected to be collected within one year, except for the capital campaign balance which is uncertain as to the date of collection.

Note 3 - Investments, Beneficial Interest in Assets Held by Others and Fair Value Measurements

Beneficial interest in assets held by others consist of funds held by the Community Foundation for Muskegon County and the Community Foundation for Oceana County (the "Foundations"). These funds were established by the United Way of the Lakeshore, Inc. At December 31, 2023 and 2022, these funds were valued at \$853,787 and \$817,296, respectively. Annual revaluation occurs based on changes to the fair value and fees charged, and the revaluation is treated as an increase or decrease to net assets without donor restrictions and is included with net investment income (loss) on the statement of activities.

The Organization utilized fair value measurements to record fair value adjustments to its investments and its beneficial interest in assets held by the Foundations and to determine fair value disclosures. Investments and beneficial interest in assets held by the Foundations are recorded at fair value on a recurring basis.

Following is a description of the valuation methodology and key inputs used to measure assets recorded at fair value.

United Way of the Lakeshore, Inc.

Notes to the Financial Statements

Investments – Investment securities are recorded based on the fair value of trading on an active exchange, such as the New York Stock Exchange. The Organization considers its investment securities to be Level 1 assets.

Beneficial Interest in Assets Held by Others – The Organization is allocated its portion of the total fair values of the underlying securities held by the Foundations. The underlying assets cannot be liquidated or redeemed by the Organization. As such, no quoted prices or active markets are available for this asset (Level 3). The underlying investment securities held by the Foundation have fair values that are determined using Level 1 inputs.

The preceding method described may produce a fair value calculation that may not be reflective of future fair values. Furthermore, although the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of this asset could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Organization’s assets measured at fair value on a recurring basis:

2023	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Investments				
Mutual Funds:				
Fixed Income	\$ 152,528	\$ -	\$ -	\$ 152,528
Equities	314,850	-	-	314,850
Money Market	29,825	-	-	29,825
Exchange-traded Fund	4,683	-	-	4,683
Beneficial Interest in Assets				
Held by Others:	-	-	853,787	853,787
Total Assets at Fair Value	\$ 501,886	\$ -	\$ 853,787	\$ 1,355,673

United Way of the Lakeshore, Inc.

Notes to the Financial Statements

Continued from the previous page...

2022	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Investments				
Mutual Funds:				
Fixed Income	\$ 147,843	\$ -	\$ -	\$ 147,843
Equities	259,999	-	-	259,999
Exchange-traded Fund	4,372	-	-	4,372
Beneficial Interest in Assets				
Held by Others:	-	-	817,296	817,296
Total Assets at Fair Value	\$ 412,214	\$ -	\$ 817,296	\$ 1,229,510

	2023	2022
Beneficial Interest in Assets Held		
By Others		
Beginning of Year	\$ 817,296	\$ 996,194
Contributions	7,898	-
Grants Awarded	(89,863)	(757)
Administrative Expenses	(8,395)	(8,051)
Net Change in Value	126,851	(170,090)
End of Year	\$ 853,787	\$ 817,296

Note 4 - Property and Equipment

Property and equipment consists of the following at December 31:

	2023	2022
Land	\$ 90,000	\$ 90,000
Land Improvements	63,833	63,833
Buildings	1,171,238	1,171,238
Office Furniture and Equipment	435,887	435,887
Total	1,760,958	1,760,958
Less Accumulated Depreciation	1,003,434	952,163
Net Property and Equipment	\$ 757,524	\$ 808,795

Depreciation expense for 2023 and 2022 was \$51,271 and \$31,277, respectively.

United Way of the Lakeshore, Inc.

Notes to the Financial Statements

Note 5 - Endowment Funds

Endowment funds have been established at the Community Foundation for Muskegon County for the United Way of the Lakeshore, Inc. These assets are not included in the financial statements of the United Way of the Lakeshore, Inc. These funds are accounted for by the Foundation, and administered by a joint committee of the Foundation and the United Way of the Lakeshore, Inc. representatives. At December 31, 2023 and 2022, these funds were valued at approximately \$1,162,500 and \$1,050,000, respectively. Total amount of grants awarded from these funds amounted to \$44,112 and \$43,197 for 2023 and 2022, respectively. The Organization records grants distributions received from the fund as other grant revenue in its statements of activities at the time the contributions are received by the Organization. The Organization maintains a separate account with the Community Foundation for Muskegon County to allow for direct contributions on the Organization's behalf. While such contributions are earmarked for the Organization, the variance power held by the Community Foundation for Muskegon County precludes their recognition in the accompanying financial statements until the Organization requests distribution of available funds, in accordance with generally accepted accounting principles.

Also, an endowment fund has been established at the Fremont Area Community Foundation for the United Way of the Lakeshore, Inc. Newaygo County programs. This asset is not included in the financial statements of the United Way of the Lakeshore, Inc. This fund is accounted for by the Fremont Area Community Foundation, and administered by the joint committee of the Foundation and the United Way of the Lakeshore, Inc. representatives. At December 31, 2023 and 2022, this fund was valued at approximately \$441,500 and \$404,000, respectively. Total amount of grants awarded from this fund amounted to \$17,900 and \$18,100 for 2023 and 2022, respectively. The Organization records grant distributions received from the fund as other grant revenue in its statements of activities at the time the contributions are received by the Organization. The Organization maintains a separate account with the Fremont Area Community Foundation to allow for direct contributions on the Organization's behalf. While such contributions are earmarked for the Organization, the variance power held by the Fremont Area Community Foundation precludes their recognition in the accompanying financial statements until the Organization requests distribution of available funds, in accordance with generally accepted accounting principles.

Note 6 - Retirement Plan

The Organization sponsors a defined contribution plan that covers substantially all employees. Employer contributions to the plan for the benefit of employees are based upon a percentage of eligible employee compensation. In addition, voluntary employee contributions to the plan are allowed which are partially matched by employer contributions. Retirement expense for this plan was \$40,915 and \$32,822 for 2023 and 2022, respectively.

United Way of the Lakeshore, Inc.

Notes to the Financial Statements

Note 7 - United Way Worldwide

The Organization is a separate and autonomous organization from United Way Worldwide (UWW). The Organization incurred dues of \$47,051 and \$36,259 to UWW for 2023 and 2022, respectively, in support of services provided to the Organization. UWW charges a 1.5% fee based on specific reporting metrics as annual dues. This will remain until a change is voted in by the United Way members.

Note 8 - Liquidity and Availability of Resources

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows as of December 31:

	<u>2023</u>	<u>2022</u>
Financial Assets		
Cash and Cash Equivalents	\$ 447,248	\$ 683,138
Investments	501,886	412,214
Accounts Receivable	74,552	9,907
Pledges Receivable	679,384	965,314
<i>Total Financial Assets</i>	<u>1,703,070</u>	<u>2,070,573</u>
Less Financial Assets Not Available Within One Year:		
Capital Campaign Pledge Receivable in Excess of One Year	50,000	50,000
Board Designated for Building Fund	135,309	155,991
Net Assets with Purpose Donor Restrictions (Grants)	50,000	25,663
<i>Total Assets Not Available for Current Spending</i>	<u>235,309</u>	<u>231,654</u>
<i>Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year</i>	<u>\$ 1,467,761</u>	<u>\$ 1,838,919</u>

The Organization has \$1,467,761 and \$1,838,919 as of December 31, 2023 and 2022, respectively, in financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. Pledges receivable, which are reported as net assets with donor restrictions, are subject to implied time restrictions but are expected to be collected within one year. The Organization manages its liquidity required to meet its operating needs while also trying to maximize the investment of its available funds.

United Way of the Lakeshore, Inc.

Notes to the Financial Statements

Note 9 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at December 31:

	<u>2023</u>	<u>2022</u>
Subject to Expenditure for Specific Purpose:		
Lights on After School	\$ 25,000	\$ 25,663
CoC Coordinator Position - CFFMC	25,000	-
Sponsorships	10,987	
Subject to the Passage of Time:		
Campaign Revenue Restricted for Future Years	864,629	1,073,344
<i>Total Net Assets with Donor Restrictions</i>	<u>\$ 925,616</u>	<u>\$ 1,099,007</u>

Note 10 - Lease Income

The Organization's leasing operations consist principally of office space at the Clay Street location to various not-for-profit organizations based on square footage. These lease arrangements include renewal options and expire at varying dates through May 2026.

The following is a schedule by years of future minimum annual lease payments required under these operating leases with initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2023:

Year Ended	
December 31,	Amount
2024	\$ 11,769
2025	11,769
2026	4,903
<i>Total</i>	<u>\$ 28,441</u>

April 29, 2024

To the Board of Directors of
United Way of the Lakeshore

We have audited the financial statements of United Way of the Lakeshore (the “Organization”) as of and for the year ended December 31, 2023, and we have issued our report thereon dated April 29, 2024. The financial statements for 2022 were audited by other auditors. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 9, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization, are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the fiscal year 2023. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management’s estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide economic benefit in the future. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management’s estimate of the allowance for pledges receivable is based on management’s estimate of the balances that will be collected from donors. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 29, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting

principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restrictions on Use

This information is intended solely for the use of Board of Directors and management of United Way of the Lakeshore and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Gabridge & Company". The signature is written in dark ink and is positioned above the printed name of the firm.

Gabridge & Company, PLC
Grand Rapids, MI