

UNITED WAY OF CENTRAL CAROLINAS, INC.

**FINANCIAL STATEMENTS AND
ACCOMPANYING INFORMATION**

YEARS ENDED JUNE 30, 2022 AND 2021



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**UNITED WAY OF CENTRAL CAROLINAS, INC.
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2022 AND 2021**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	4
STATEMENTS OF ACTIVITIES	5
STATEMENTS OF FUNCTIONAL EXPENSES	7
STATEMENTS OF CASH FLOWS	9
NOTES TO FINANCIAL STATEMENTS	10
ACCOMPANYING INFORMATION	
SUPPLEMENTAL SCHEDULE OF MANAGEMENT CALCULATION OF OVERHEAD RATE (NON-GAAP CALCULATION)	30



INDEPENDENT AUDITORS' REPORT

Board of Directors
United Way of Central Carolinas, Inc
Charlotte, North Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of United Way of Central Carolinas, Inc (the Organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 June 30, 2022 and 2021, 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 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 Financial Statements

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

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

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 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 GAAS, 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Supplemental Schedule of Management Calculation of Overhead Rate (Non-GAAP Calculation) 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 audits 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte, North Carolina
November 10, 2022

UNITED WAY OF CENTRAL CAROLINAS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 7,580,382	\$ 8,515,675
Campaign Promises to Give	4,452,312	5,523,555
Less: Allowance for Uncollectible Promises to Give	(555,663)	(999,153)
Campaign Promises to Give, Net	3,896,649	4,524,402
Grants Receivable	1,965,423	975,000
Government Receivables	2,402,661	367,437
Other Receivables	170,092	54,356
Prepaid Expenses and Other Assets	77,444	40,405
Investments	11,865,164	14,423,584
Property and Equipment, Net	707,481	833,947
Total Assets	\$ 28,665,296	\$ 29,734,806
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 1,101,941	\$ 207,517
Accrued Compensation	190,563	198,209
Other Liabilities and Accrued Expenses	388,425	1,240,096
Campaigns Processed for Others, Net	185,845	232,615
Grants Payable	4,526,478	5,593,822
Due to Designated Agencies	343,660	460,634
Note Payable	-	614,088
Deferred Lease Incentive	155,130	175,814
Total Liabilities	6,892,042	8,722,795
NET ASSETS		
Without Donor Restrictions:		
Board Designated	1,301,433	1,518,557
Undesignated	17,071,223	16,870,775
Total Without Donor Restrictions	18,372,656	18,389,332
With Donor Restrictions:		
Subject to Passage of Time	1,709,856	969,362
Subject to Purpose Restrictions	545,997	300,747
Endowments	1,144,745	1,352,570
Total With Donor Restrictions	3,400,598	2,622,679
Total Net Assets	21,773,254	21,012,011
Total Liabilities and Net Assets	\$ 28,665,296	\$ 29,734,806

See accompanying Notes to Financial Statements.

UNITED WAY OF CENTRAL CAROLINAS, INC.
STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Additional 2018 through 2020 Campaign Revenue	\$ 1,513,140	\$ -	\$ 1,513,140
Less: Donor Designations	-	-	-
Net 2018 and 2019 Campaign Revenue	<u>1,513,140</u>	<u>-</u>	<u>1,513,140</u>
Gross 2021 Campaign Revenue	10,747,532	-	10,747,532
Less: Donor Designations	(968,914)	-	(968,914)
Less: Provision for Uncollectibles	(553,861)	-	(553,861)
Net 2021 Campaign Revenue	<u>9,224,757</u>	<u>-</u>	<u>9,224,757</u>
Gross 2022 and 2023 Campaign Revenue	-	505,431	505,431
Less: Provision for Uncollectibles	-	(25,272)	(25,272)
Net 2022 and 2023 Campaign Revenue	<u>-</u>	<u>480,159</u>	<u>480,159</u>
Designations from Other United Ways	69,804	-	69,804
Grants and Contributions	529,245	1,472,194	2,001,439
Government Grants	610,558	7,587,770	8,198,328
Sponsorships	-	323,792	323,792
Administrative Services	59,101	-	59,101
Investment Return, Net	(1,803,314)	(207,825)	(2,011,139)
Contributions of Nonfinancial Assets	295,342	-	295,342
Forgiveness of Debt	614,088	-	614,088
Other Revenues	60,543	-	60,543
Net Assets Released From Restrictions:			
Expiration of Time Restrictions	979,387	(979,387)	-
Satisfaction of Purpose Restrictions	7,898,784	(7,898,784)	-
Total Revenues and Other Support	<u>20,051,435</u>	<u>777,919</u>	<u>20,829,354</u>
EXPENSES			
Program Services:			
Community Investment	12,233,144	-	12,233,144
Government Programs	3,904,165	-	3,904,165
Other Programs	942,588	-	942,588
Supporting Services:			
Fundraising	1,622,707	-	1,622,707
Management and General	1,365,507	-	1,365,507
Total Expenses	<u>20,068,111</u>	<u>-</u>	<u>20,068,111</u>
CHANGE IN NET ASSETS	(16,676)	777,919	761,243
Net Assets - Beginning of Year	<u>18,389,332</u>	<u>2,622,679</u>	<u>21,012,011</u>
NET ASSETS - END OF YEAR	<u>\$ 18,372,656</u>	<u>\$ 3,400,598</u>	<u>\$ 21,773,254</u>

See accompanying Notes to Financial Statements.

UNITED WAY OF CENTRAL CAROLINAS, INC.
STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Additional 2018 and 2019 Campaign Revenue	\$ 1,582,782	\$ -	\$ 1,582,782
Less: Donor Designations	-	-	-
Net 2018 and 2019 Campaign Revenue	<u>1,582,782</u>	<u>-</u>	<u>1,582,782</u>
Gross 2020 Campaign Revenue	11,185,809	-	11,185,809
Less: Donor Designations	(978,487)	-	(978,487)
Less: Provision for Uncollectibles	(293,195)	-	(293,195)
Net 2020 Campaign Revenue	<u>9,914,127</u>	<u>-</u>	<u>9,914,127</u>
Gross 2021 and 2022 Campaign Revenue	-	344,803	344,803
Less: Provision for Uncollectibles	-	(17,240)	(17,240)
Net 2021 and 2022 Campaign Revenue	<u>-</u>	<u>327,563</u>	<u>327,563</u>
Designations from Other United Ways	49,483	-	49,483
Grants and Contributions	250,000	1,484,089	1,734,089
Government Grants	-	6,309,473	6,309,473
Sponsorships	-	227,744	227,744
Administrative Services	71,172	-	71,172
Investment Return, Net	2,328,055	276,119	2,604,174
Contributions of Nonfinancial Assets	212,148	-	212,148
Forgiveness of Debt	675,000	-	675,000
Other Revenues	520,283	-	520,283
Net Assets Released From Restrictions:			
Expiration of Time Restrictions	745,066	(745,066)	-
Satisfaction of Purpose Restrictions	12,155,997	(12,155,997)	-
Total Revenues and Other Support	<u>28,504,113</u>	<u>(4,276,075)</u>	<u>24,228,038</u>
EXPENSES			
Program Services:			
Community Investment	16,468,721	-	16,468,721
Government Programs	5,087,228	-	5,087,228
Other Programs	1,035,401	-	1,035,401
Supporting Services:			
Fundraising	1,927,933	-	1,927,933
Management and General	1,576,764	-	1,576,764
Total Expenses	<u>26,096,047</u>	<u>-</u>	<u>26,096,047</u>
CHANGE IN NET ASSETS	2,408,066	(4,276,075)	(1,868,009)
Net Assets - Beginning of Year	<u>15,981,266</u>	<u>6,898,754</u>	<u>22,880,020</u>
NET ASSETS - END OF YEAR	<u>\$ 18,389,332</u>	<u>\$ 2,622,679</u>	<u>\$ 21,012,011</u>

See accompanying Notes to Financial Statements.

UNITED WAY OF CENTRAL CAROLINAS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services			Total Program Services	Supporting Services		Total Supporting Services	Total
	Community Investment	Governmental Programs	Other Programs		Fundraising	Management and General		
Salaries and Wages	\$ 684,358	\$ 165,830	\$ 235,741	\$ 1,085,929	\$ 940,557	\$ 502,580	\$ 1,443,137	\$ 2,529,066
Payroll Taxes	55,430	14,664	16,388	86,482	73,908	37,322	111,230	197,712
Employee Benefits	107,393	9,910	33,745	151,048	147,956	101,849	249,805	400,853
	<u>847,181</u>	<u>190,404</u>	<u>285,874</u>	<u>1,323,459</u>	<u>1,162,421</u>	<u>641,751</u>	<u>1,804,172</u>	<u>3,127,631</u>
Occupancy	-	-	246,301	246,301	182,549	100,468	283,017	529,318
Supplies and Materials	15,825	4,303	34,910	55,038	30,257	47,432	77,689	132,727
Outside Services	345,057	29,448	179,331	553,836	132,372	513,332	645,704	1,199,540
Grant Awards	11,002,834	3,679,512	750	14,683,096	8,950	300	9,250	14,692,346
Volunteer Expense	80	-	(202)	(122)	2,700	1,333	4,033	3,911
Events	6,130	142	86,269	92,541	6,233	3,788	10,021	102,562
Training and Development	8,565	150	3,273	11,988	4,109	8,463	12,572	24,560
Travel and Conferences	4,321	206	2,288	6,815	6,145	1,883	8,028	14,843
Dues and Subscriptions	2,180	-	872	3,052	1,518	1,230	2,748	5,800
Taxes, Licenses, and Fees	-	-	71	71	59	73	132	203
Bad Debts	-	-	-	-	-	(26,706)	(26,706)	(26,706)
UWW and UWNC Dues	-	-	88,733	88,733	70,358	56,261	126,619	215,352
Other	971	-	14,118	15,089	15,036	15,899	30,935	46,024
	<u>12,233,144</u>	<u>3,904,165</u>	<u>942,588</u>	<u>17,079,897</u>	<u>1,622,707</u>	<u>1,365,507</u>	<u>2,988,214</u>	<u>20,068,111</u>
Total Expenses	\$ 12,233,144	\$ 3,904,165	\$ 942,588	\$ 17,079,897	\$ 1,622,707	\$ 1,365,507	\$ 2,988,214	\$ 20,068,111

See accompanying Notes to Financial Statements.

UNITED WAY OF CENTRAL CAROLINAS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services			Total Program Services	Supporting Services			Total
	Community Investment	Governmental Programs	Other Programs		Fundraising	Management and General	Total Supporting Services	
Salaries and Wages	\$ 375,009	\$ 91,892	\$ 286,804	\$ 753,705	\$ 1,165,591	\$ 652,591	\$ 1,818,182	\$ 2,571,887
Payroll Taxes	30,177	8,617	20,366	59,160	89,893	48,004	137,897	197,057
Employee Benefits	43,013	7,206	35,773	85,992	168,976	108,077	277,053	363,045
	<u>448,199</u>	<u>107,715</u>	<u>342,943</u>	<u>898,857</u>	<u>1,424,460</u>	<u>808,672</u>	<u>2,233,132</u>	<u>3,131,989</u>
Occupancy	75	-	246,349	246,424	195,389	136,507	331,896	578,320
Supplies and Materials	24,488	470	24,949	49,907	42,526	20,396	62,922	112,829
Outside Services	152,569	42,069	279,288	473,926	129,065	531,569	660,634	1,134,560
Grant Awards	15,829,386	4,936,919	91	20,766,396	437	37	474	20,766,870
Volunteer Expense	20	55	807	882	835	468	1,303	2,185
Events	2,500	-	5,432	7,932	2,772	1,194	3,966	11,898
Travel and Conferences	114	-	642	756	4,533	2,822	7,355	8,111
Dues and Subscriptions	1,650	-	2,411	4,061	2,891	2,354	5,245	9,306
Bad Debts	-	-	-	-	-	(10,434)	(10,434)	(10,434)
UWW and UWNC Dues	-	-	118,143	118,143	97,956	65,509	163,465	281,608
Other	9,720	-	14,346	24,066	27,069	17,670	44,739	68,805
	<u>9,720</u>	<u>-</u>	<u>14,346</u>	<u>24,066</u>	<u>27,069</u>	<u>17,670</u>	<u>44,739</u>	<u>68,805</u>
Total Expenses	<u>\$ 16,468,721</u>	<u>\$ 5,087,228</u>	<u>\$ 1,035,401</u>	<u>\$ 22,591,350</u>	<u>\$ 1,927,933</u>	<u>\$ 1,576,764</u>	<u>\$ 3,504,697</u>	<u>\$ 26,096,047</u>

See accompanying Notes to Financial Statements.

UNITED WAY OF CENTRAL CAROLINAS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 761,243	\$ (1,868,009)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	126,466	133,270
Forgiveness of Debt	(614,088)	(675,000)
Gain on Disposal of Property and Equipment	-	(438,976)
Realized Gains on Sale of Investments	(482,716)	(36,559)
Unrealized (Gain) Loss on Investments Held	2,643,508	(1,751,401)
Change in Value of Beneficial Interest in Assets	430,155	(488,117)
Changes in Operating Assets and Liabilities:		
Campaign Promises to Give, Net	627,753	591,135
Grants Receivable	(990,423)	(674,000)
Other Receivables and Prepaid Expenses	(2,187,999)	(200,960)
Accounts Payable and Other Liabilities	(32,347)	398,753
Grants Payable	(1,067,344)	(2,542,645)
Due to Designated Agencies	(116,974)	(100,442)
Net Cash Used by Operating Activities	(902,766)	(7,652,951)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Property and Equipment	-	473,139
Proceeds from Sales or Maturities of Investment Securities	1,047,771	4,325,809
Purchases of Investment Securities	(1,080,298)	(862,235)
Net Cash Provided (Used) by Investing Activities	(32,527)	3,936,713
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Note Payable	-	614,088
NET CHANGE IN CASH AND CASH EQUIVALENTS	(935,293)	(3,102,150)
Cash and Cash Equivalents - Beginning of Year	8,515,675	11,617,825
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 7,580,382	\$ 8,515,675

See accompanying Notes to Financial Statements.

UNITED WAY OF CENTRAL CAROLINAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 ORGANIZATION

Organization and Purpose

United Way of Central Carolinas, Inc. (the Organization, UWCC, or United Way) is a nonprofit corporation organized under the laws of the state of North Carolina for purpose of supporting the health and human service needs of individuals within Anson, Cabarrus, Mecklenburg, and Union counties (the four-county region).

The Organization works to create lasting change for those most in need through strategic community philanthropy in the four-county region that is home to nearly 1.5 million people. UWCC invests in over 140 nonprofit agencies and initiatives that are building stronger neighborhoods, advancing racial equity and economic mobility, and providing a safety net for those who need it most.

The Organization's program services include:

Community Investment Process

UWCC supports a broad range of local health and human service programs. A two generation approach supports the entire family by focusing on the needs of both the parent and child. Each year, UWCC allocates funding to health and human service organizations in the four-county region. The funding is allocated through three primary grant processes:

1. *Impact Grants* - Supports agencies across UWCC's five-county region that work collaboratively to provide comprehensive and coordinated services that will improve economic mobility and achieve results greater than any single organization could achieve.

UWCC shifted its community impact strategy over the last several years to focus on implementing strategies identified by the Charlotte-Mecklenburg Opportunity Task Force report. United Way focuses on improving economic mobility through education, health, and financial stability while simultaneously focusing on building stronger neighborhoods, increasing racial equity, and improving the systems that serve our children and families.

2. *United Neighborhoods* – Works to change the odds for those in the most under-resourced neighborhoods by supporting community-driven holistic neighborhood transformation and revitalization efforts.

UWCC launched United Neighborhoods in September 2017 with a multi-year investment into the Grier Heights and Renaissance West neighborhoods in Charlotte. In 2022, UWCC expanded the initiative to a third neighborhood: Lakeview. The initiative focuses on partnerships with residents, community leaders, businesses, and nonprofits, backed by multi-year funding and staff resources from UWCC.

Five additional neighborhoods received smaller, block-building grants designed to increase their capacity to assist their neighbors and develop neighborhood leaders.

UNITED WAY OF CENTRAL CAROLINAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 ORGANIZATION (CONTINUED)

Community Investment Process (Continued)

3. *Unite Charlotte* – Supports new and grassroots organizations through grants and capacity-building activities focused on improving racial equity and increasing social capital.

The effort, launched in 2017, is a collaborative effort with other local funders and community leaders to address issues that led to the unrest in Charlotte during the fall of 2016. Through this initiative, UWCC currently funds over 55 small and/or new organizations and offers capacity-building workshops designed to support their organizational growth.

Nonprofit agencies receive funding over the course of a 12-month grant cycle. In order for a partner agency to be eligible to receive funds allocated by UWCC, the agency must submit an application that includes goals, strategies, and outcomes that are linked to UWCC's impact strategy. The proposed activities and target outcomes must be specific, measurable, attainable, realistic, timely, and unambiguous. Agencies submit annual reports on program outcomes. In addition, each organization is required to comply with an annual financial certification process. Through this discipline, agencies continually improve their programs, making measurable and lasting change in the lives of people they are serving.

Government Programs

During the fiscal year ended June 30, 2022, UWCC administered various government funded programs, coordinating the collaborative work of agencies working to move those experiencing or at risk of homelessness into housing.

Volunteerism

UWCC's volunteer engagement efforts align with the overall strategic direction of the organization by focusing on generating real impact for our partner nonprofit agencies and raising revenue to further our mission. Skill-based volunteering and fee-for-service managed projects are the primary areas of emphasis. Through our website we do offer referrals for individuals, groups or companies looking for volunteer opportunities and encourage them to make arrangements directly with those agencies listed. The level of volunteer activities during the fiscal year ended June 30, 2022 remained low as a result of the Coronavirus pandemic (COVID-19).

UWCC also engages volunteers through board/committee and community impact volunteer opportunities.

NC 2-1-1

NC 2-1-1 is a service provided by the United Way of North Carolina. NC 2-1-1 is North Carolina's resource for free information and referral services regarding health and human services resources. NC 2-1-1 has a database of over 19,000 resources, including food pantries, homeless shelters, utility and rent assistance funds, health clinics, prescription assistance programs, counseling and substance abuse services, childcare resources, senior resources, resources for persons with disabilities, and much more.

UNITED WAY OF CENTRAL CAROLINAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions – 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. These net assets may be used at the discretion of the Organization’s management and/or board of directors.

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 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.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Adoption of New Accounting Pronouncement

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* which increases transparency about the measurement of contributed nonfinancial assets recognized by not-for-profit entities. This new standard requires contributed nonfinancial assets to be presented as a separate line item in the statement of activities and to disclose information regarding the measurement of the nonfinancial assets. Required disclosures include whether the contributions were monetized or utilized during the reporting period, a description of the valuation technique used to determine a fair value measure, and a description of any donor-imposed restrictions associated with the contribution. UWCC’s adoption of this new guidance only resulted in additional disclosures being added to the financial statements.

Recent Accounting Pronouncements Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* which increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statements of financial position and disclosing key information about leasing arrangements. The guidance is required to be applied by the Organization for the year ended June 30, 2023. The Organization is currently evaluating the effect that the standard will have on the financial statements.

UNITED WAY OF CENTRAL CAROLINAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of a financial statement in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, and disclosures. Accordingly, the actual amounts could differ from those estimates and such differences could be material.

Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Campaign Promises to Give and Allowances for Uncollectible Promises to Give

Annual campaign pledge contributions receivable are generally paid in one year. The Organization provides an allowance for uncollectible promises to give based on historical write-off percentages at the time campaign results are recorded. This estimated allowance is periodically adjusted based on campaign collection trends. A campaign is officially closed for accounting purposes, and the final uncollectible amount determined, in the year following the year the workplace campaign collections begin. Any difference in the actual campaign collection results compared with the estimates previously recorded is reflected in the statements of functional expenses and the statements of activities.

Contributions and Support

Contributions received are recorded as net assets with or without donor restrictions depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are released to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Conditional contributions with conditions met in the same reporting period in which they are received are reported as unconditional contributions.

Grant Awards

Grant awards are evaluated by management and determined to be unconditional contributions, exchange transactions, or conditional contributions. If considered to be an unconditional contribution, revenue from grants is recorded upon notification of the award. If considered to be an exchange transaction, revenue from grants is recorded as expenses are incurred under the terms of the respective grant agreement. If considered to be a conditional contribution, revenue from grants is recorded at the time the conditions on which they depend have been met.

UNITED WAY OF CENTRAL CAROLINAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grant Awards (Continued)

A portion of the Organization's revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received or receivable are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Any amounts received prior to incurring qualifying expenditures would be reported as refundable advances in the statement of financial position. The Organization received cost-reimbursable grants that have not been recognized of approximately \$1,939,000 and \$2,994,000 for the years ended June 30, 2022 and 2021, respectively, because qualifying expenditures have not yet been incurred. No advance payments have been received.

A portion of the Organization's revenue is from fee-for-service arrangements. Management recognizes revenue from fee-for-service arrangements as services are provided at a point in time. Fees collected in advance of the completion of these services are reported as unearned revenue on the statements of financial position. Revenue is recorded at the transaction price, which does not include any price concessions. Sponsorship revenue is recognized when the event is held. Sponsorships are billed when contracts are signed, as a result, the Organization records deferred revenue and accounts receivable for any amounts for which the Organization has a right to invoice for which the events have not been held.

Investments

Investments are recorded at fair value. Investment return consists of interest and dividends and realized and unrealized gains and losses, net of investment expenses.

Property and Equipment, Net

Property and equipment is recorded at cost, if purchased, and at estimated fair value at the date of receipt, if donated. The Organization capitalizes assets that have a value or cost of \$1,000 or greater at the date of acquisition and an estimated useful life of more than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. The cost and any accumulated depreciation related to assets sold or retired is removed from the accounts, and any resulting gain or loss is included in the determination of the change in net assets. Donated property is reported as support without donor restrictions unless the donor restricts the donated asset to a specific purpose. The estimated useful lives of assets 5 to 10 years for furniture and equipment and over the lease term for leasehold improvements.

Designated Pledges

The Organization accepts donor pledges that are designated to certain other 501(c)(3), health and human service organizations. Donor designated pledges that are raised, processed, and distributed are assessed an administrative fee. The administrative fee cannot exceed the calculation as prescribed by the *United Way Worldwide Cost Deduction Requirement for Membership Standard M*. This calculation is based on actual historical costs. Designated pledges that UWCC does not process and for which no administrative fee is received (pay-direct designations) are not reported in the statement of activities.

UNITED WAY OF CENTRAL CAROLINAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Nonfinancial Assets

The United Way recognized contributed nonfinancial assets within revenue, including donated services and use of facilities, as further described below. Contributed nonfinancial assets did not have donor-imposed restrictions.

Donated Services and Use of Facilities

The United Way recognizes contributed services as revenue and expense if such services meet the criteria for recognition under U.S. GAAP. For the years ended June 30, 2022 and 2021, donated services consisted of donated legal services, advertising, and use of facilities (i.e. office space rent received at a reduced rate).

Donated Goods and Services

During the years ended June 30, 2022 and 2021, the Organization received occupancy rent credits in the estimated fair value amounts of approximately \$191,000 and \$184,000, respectively, from its landlord, Children and Family Service Center, Inc. (the Center). The estimated fair value is based on comparable rental rates in the local real estate market. These credits are approved by the Center on an annual basis and are recorded as in-kind revenue and expense in the period in which they are received. Because there are numerous factors used in determining the rental rates each period, the Organization is unable to estimate the amount of below market rent for future periods. Accordingly, no receivable has been recorded in the accompanying statements of financial position for below market rent.

During the years ended June 30, 2022 and 2021, the Organization received donated advertising in the estimated fair value amounts of approximately \$78,000 and \$16,000, respectively. The estimated fair value is based on estimated rates that the Organization would have incurred if it had directly purchased the advertising services.

During the year ended June 30, 2022, the Organization received donated professional services related to services on a construction project in the estimated amount of approximately \$26,000. These contributed services are valued and reported at the estimated fair value in the financial statements based on current rates for similar services.

During the year ended June 30, 2021, the Organization received donated professional services from attorneys advising on various administrative legal matters in the estimated amount of approximately \$12,000. These contributed services are valued and reported at the estimated fair value in the financial statements based on current rates for similar legal services.

In addition to the donated goods above, a number of volunteers, including members of the board of directors and its committees as well as various volunteer assistants, contribute significant amounts of time to further the Organization's programs. The value of this contributed time does not meet the criteria for recognition of contributed services and, accordingly, is not reflected as support in the accompanying financial statements.

UNITED WAY OF CENTRAL CAROLINAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Lease Incentive

During the year ended June 30, 2020, the Organization received an allowance for leasehold improvements in the amount of approximately \$207,000, from the Center. The allowance is being amortized using the straight-line method over the life of the lease agreement with the Center and used to reduce rent expense each year.

Fair Value of Financial Instruments

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

During the years ended June 30, 2022 and 2021 there were no purchases, issuances, or transfers related to Level 3 investments.

Income Taxes

United Way of Central Carolinas, Inc. is a nonprofit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. The Organization is not aware of any activities that are subject to tax on unrelated business income or excise or other taxes. Accordingly, no provision for income taxes is required in the financial statements.

The Organization's income tax returns are subject to review and examination by federal, state, and local authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status.

UNITED WAY OF CENTRAL CAROLINAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

U.S. GAAP requires the Organization to recognize a tax benefit or expense from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the tax authorities, based on the technical merits of the position. Management believes the Organization had no uncertain tax positions as of June 30, 2022 and 2021.

Functional Expense Classification

The Organization's functional expense classification and allocation policy is based on United Way Worldwide functional expense and overhead reporting standards, a review of the current organizational structure and the identification, reclassification, and allocation of certain employee, facility, and departmental expenses, which serve multiple functional areas. The supplemental schedule of management calculation of overhead rate is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Reclassifications

Certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 presentation, with no effect on the previously reported net assets or change in net assets.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 10, 2022, the date the financial statements were available to be issued.

UNITED WAY OF CENTRAL CAROLINAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 3 LIQUIDITY AND AVAILABILITY OF RESOURCES

The table below represents financial assets available for general expenditures within one year at June 30, 2022 and 2021:

	2022	2021
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 7,580,382	\$ 8,515,675
Campaign Promises to Give, Net	3,896,649	4,524,402
Grants Receivable	1,965,423	975,000
Government Receivables	2,402,661	367,437
Other Receivables	170,092	54,356
Investments	11,865,164	14,423,584
Total Financial Assets at Year-End	27,880,371	28,860,454
Less: Amounts Not Available to be Used for General Expenditures Within One Year:		
Campaigns Processed for Others, Net	185,845	232,615
Due to Designated Agencies	343,660	460,634
Board Quasi-Endowments	1,301,433	1,518,557
Purpose and Time Restrictions	2,255,853	1,270,109
Endowment Funds Held in Perpetuity Including Accumulated Earnings	1,144,745	1,352,570
Financial Assets Not Available to be Used Within One Year	5,231,536	4,834,485
Total Net Financial Assets Available to Meet General Expenditures Within One Year	\$ 22,648,835	\$ 24,025,969

As part of the Organization's liquidity management plan, it structures its financial assets to be available as its obligations come due. Cash is held in interest-bearing bank accounts and cash in excess of daily requirements may be invested. Board quasi-endowments may be drawn upon, if necessary, to meet unexpected liquidity needs. The Organization considers all expenditures related to its ongoing mission-related activities as well as services necessary to support those activities to be general expenditures.

UNITED WAY OF CENTRAL CAROLINAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 4 CAMPAIGN PROMISES TO GIVE, NET

Campaign promises to give at June 30, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Campaign Promises to Give, 2022/2023 Campaign	\$ 529,000	\$ -
Campaign Promises to Give, 2021/2022 Campaign	3,547,238	288,670
Campaign Promises to Give, 2020/2021 Campaign	137,843	4,344,344
Campaign Promises to Give, 2019/2020 Campaign	38,231	490,541
Campaign Promises to Give, 2018/2019 Campaign	200,000	400,000
Total Campaign Promises to Give	<u>4,452,312</u>	<u>5,523,555</u>
Less: Allowance for Uncollectible Promises to Give	<u>(555,663)</u>	<u>(999,153)</u>
Total Campaign Promises to Give, Net	<u>\$ 3,896,649</u>	<u>\$ 4,524,402</u>

A portion of these receivables are recorded as restricted support in the accompanying statements of activities as they are multi-year gifts and not expected to be collected within the standard campaign cycle. These gifts are expected to be collected as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 350,000
2024	50,000
2025	50,000
2026	50,000
	<u>\$ 500,000</u>

Management calculated the discount on receivables and determined it to be immaterial to the financial statements. Accordingly, no discount on campaign promises has been recorded for the years ended June 30, 2022 and 2021.

UNITED WAY OF CENTRAL CAROLINAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 5 INVESTMENTS

Investments at June 30, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Cash and Money Market Funds	\$ 84	\$ -
Certificates of Deposit	-	510,264
Mutual Funds:		
Balanced Global Funds	1,360,071	942,897
International Fixed Income Funds	-	479,369
Domestic Fixed Income Funds	2,449,289	2,900,481
International Equity Funds	738,112	1,206,792
Domestic Large Cap Equity Funds	3,613,087	3,853,489
Domestic Mid Cap Equity Funds	627,153	746,133
Domestic Small Cap Equity Funds	631,190	913,032
Beneficial Interest in Assets Held by United Way Legacy Foundation at the Foundation for the Carolinas (FFTC)	<u>2,446,178</u>	<u>2,871,127</u>
Total Investments	<u>\$ 11,865,164</u>	<u>\$ 14,423,584</u>

The Organization's investments are exposed to various risks such as interest rate, market, liquidity, and credit risk. Due to the current and potential future volatility in the financial markets, it is possible that changes in the investment values and liquidity could occur in the near term and could materially affect the reported investment values in the accompanying statements of financial position.

The following is a summary of investment return and losses for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Interest and Dividends, Net of Fees	\$ 579,611	\$ 296,638
Change in Value of Beneficial Interest in Assets	(430,155)	488,117
Net Change in Fair Value of Investments, Including Realized and Unrealized Gains	(2,160,792)	1,787,960
Interest Earned on Cash Deposits and Certificates of Deposit	197	31,459
Total Investment Return, Net	<u>\$ (2,011,139)</u>	<u>\$ 2,604,174</u>

UNITED WAY OF CENTRAL CAROLINAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 5 INVESTMENTS (CONTINUED)

United Way Legacy Foundation

The Organization has established an endowment that is administered by the United Way Legacy Foundation (Legacy Foundation), a supporting organization of FFTC. The Board established the endowed account for contributions from donors required to be maintained in perpetuity. Earnings on the funds are available for spending annually, in accordance with the Legacy Foundation's spending policy. The endowed assets are reported at fair value and are included in investments in the accompanying statement of financial position. The endowed assets, including gains and losses, are recorded as net assets without donor restrictions. The fair value of the endowed assets at June 30, 2022 and 2021 and changes in the endowment net assets are presented in Notes 14 and 15.

Donor-Restricted Endowment Funds

The Organization also holds beneficial interests in certain trusts that are administered by FFTC. The Organization has the irrevocable right to receive income earned on the trust assets; however, the Organization will not receive the assets held in the trust, which are invested in perpetuity. The beneficial interests in the trusts are valued at the fair value of the assets held in the trust and are included in investments in the accompanying statement of financial position. Changes in the fair value of the assets held in trust are recorded as net assets with or without donor restrictions in accordance with donor stipulations. Reclassifications into net assets without donor restrictions are made as distributable income is released from restriction. The fair value of the endowed assets at June 30, 2022 and 2021 and changes in the endowment net assets are presented in Notes 14 and 15.

The Legacy Foundation and donor-restricted endowment funds are held at FFTC and invested in professionally managed pooled funds of common stock equities, bonds, and other fixed income investments, which are subject to fluctuations in market values and expose the Organization to a certain degree of interest and credit risk.

The FFTC fund managers invest in private investment funds as part of the asset allocation, as an alternative investment strategy, with the purpose of increasing the diversity of the holdings and being consistent with the overall investment objectives. The private investment funds are not traded on an exchange and, accordingly, investments in such funds may not be as liquid as investments in marketable equity or debt securities.

The private investment funds may invest in other private investment funds, equity, or debt securities which may or may not have readily available fair values, and foreign exchange or commodity forward contracts. Management of FFTC relies on various factors to estimate the fair value of these investments and believes its processes and procedures for valuing investments are effective and that its estimate of value is reasonable. However, the factors used by management are subject to change in the near term and, accordingly, investment values and performance can be affected. The effect of these changes could be material to the accompanying financial statements.

UNITED WAY OF CENTRAL CAROLINAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 6 PROPERTY AND EQUIPMENT, NET

The components of property and equipment, net at June 30, 2022 and 2021 consisted of the following:

	2022	2021
Buildings, Building Improvements, and Leasehold Improvements	\$ 796,505	\$ 798,498
Furniture and Equipment	631,959	636,236
Total	1,428,464	1,434,734
Less: Accumulated Depreciation	(720,983)	(600,787)
Property and Equipment, Net	\$ 707,481	\$ 833,947

NOTE 7 NOTE PAYABLE

In April 2020, the Organization entered into an unsecured promissory note (the Note) with a lender in the amount of \$675,000 under the Paycheck Protection Program (PPP) established by section 1102 of the CARES Act and as implemented and administered by the Small Business Administration (SBA). Under the terms of the agreement, the Note bears an interest rate of 1.0% and was to be repaid in 18 monthly installments of \$37,875 beginning on November 17, 2020. In January 2021, the SBA formally forgave the Organization's obligation under this PPP Loan, and as such, the Organization recognized \$675,000 as forgiveness of debt on the accompanying statement of activities for the year ended June 30, 2021.

In March 2021, the Organization entered into a new unsecured promissory note (Note Two) with a lender in the amount of approximately \$614,000 under the PPP established by section 1102 of the CARES Act and as implemented and administered by the SBA. Under the terms of the agreement, Note Two bears an interest rate of 1.0% and matures in March 2026, the fifth anniversary of the date Note Two was funded. Ten months after the covered period of 24 weeks, the first monthly installment of \$13,772 will be due. The outstanding balance on Note Two at June 30, 2021 was approximately \$614,000. In December 2021, the SBA formally forgave the Organization's obligation under this PPP Loan, and as such, the Organization recognized approximately \$618,000 as forgiveness of debt, comprised of approximately \$614,000 related to principal and approximately \$4,000 related to accrued interest, on the accompanying statement of activities for the year ended June 30, 2022.

The SBA may review funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with any certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

UNITED WAY OF CENTRAL CAROLINAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 8 BOARD-DESIGNATED NET ASSETS

Net assets without donor restrictions also include board-designated net assets to be used for a specific purpose. At June 30, 2022 and 2021, net assets without donor restrictions of approximately \$1,301,000 and \$1,519,000, respectively, were designated for endowment purposes. Earnings on the funds are available for spending annually in accordance with the Organization's spending policy (see Note 15).

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2022 and 2021 have been restricted by the donors for the following purposes:

	2022	2021
Subject to Passage of Time:		
Campaign Contributions Promised or Received in Advance	\$ 801,531	\$ 769,362
Foundation Grants	833,333	200,000
Lease Receivable	74,992	-
Total Subject to the Passage of Time	1,709,856	969,362
Subject to Purpose Restrictions:		
Coordinated Entry Project	45,772	45,772
Community Food Security Initiatives	59,167	56,240
Publix Last Resort Fund	21,399	49,668
Racial Equity Training	51,100	106,567
Playground Build	14,500	22,500
Community Organizing Training	147,144	-
Board Training	6,915	-
Lowe's Foundation	200,000	-
Other	-	20,000
Total Subject to Purpose Restrictions	545,997	300,747
Endowments		
Accumulated Earnings on Endowment Assets	293,599	501,424
Giles Endowment	100,000	100,000
Cato Endowment for Education Training Fund	300,000	300,000
McIntyre Legacy Endowment	430,439	430,439
Rutledge Endowment	20,000	20,000
Mattison-Boyd Endowment	707	707
Total Endowments	1,144,745	1,352,570
Total Net Assets with Donor Restrictions	\$ 3,400,598	\$ 2,622,679

UNITED WAY OF CENTRAL CAROLINAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 10 NET ASSETS RELEASED FROM RESTRICTION

Net assets released from donor restrictions by the expiration of time restrictions or by incurring expenses in satisfaction of purpose restrictions for the years ended June 30, 2022 and 2021 are as follows:

	2022	2021
Expiration of Time Restrictions:		
Campaign Contributions Promised	\$ 446,812	\$ 645,066
Foundation Grants	516,667	100,000
Lease Receivable	15,908	-
Total Satisfaction of Time Restrictions	979,387	745,066
Subject to Purpose Restrictions:		
Playground Build	69,000	-
Community Organizing Training	92,856	-
Publix Last Resort Fund	35,606	19,180
Covid Relief Funds	-	4,791,076
CARES Act - Covid Relief Funds	-	4,000,000
Unite Charlotte	-	1,000,000
Brookhill	-	89,736
SAFE Charlotte	580,738	220,000
Digital Divide	-	513,800
Emergency Solutions	3,778,679	413,429
United Neighborhoods	-	150,000
Rapid Rehousing	-	450,000
Cabarrus County	-	65,000
Racial Equity and Social Capital	3,212,500	-
Racial Equity Training	75,467	215,278
Other	53,938	228,498
Total Satisfaction of Purpose Restrictions	7,898,784	12,155,997
Total Net Assets Released from Restrictions	\$ 8,878,171	\$ 12,901,063

NOTE 11 CONCENTRATIONS

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of unsecured campaign contributions promised. The Organization's ability to collect these campaign contributions promised is directly affected by economic conditions in the community from which it draws support. The top five client companies, including employees of each company, contributed approximately 11% and 28% of campaign revenue during the years ended June 30, 2022 and 2021, respectively. The top five client companies, including employees of each company, make up approximately 9% and 32% of the campaign promises to give balances as of June 30, 2022 and 2021, respectively.

UNITED WAY OF CENTRAL CAROLINAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 11 CONCENTRATIONS (CONTINUED)

The Organization places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation (FDIC) covers \$250,000 for substantially all depository accounts. The Organization frequently has amounts on deposit in excess of the insured limits. The Organization had approximately \$7,324,000 and \$8,266,000 of cash and cash equivalents in excess of these insured amounts at June 30, 2022 and 2021, respectively.

NOTE 12 BENEFIT PLAN

The Organization sponsors a defined contribution plan under which eligible employees may participate. Employees may defer a portion of their annual compensation pursuant to Section 403(b) of the Internal Revenue Code. Upon an eligible employee's completion of minimum service requirements, the Organization matches 100% of each employee's contribution up to a maximum of 3% of eligible compensation. The Organization made contributions to the 403(b) plan of approximately \$87,000 and \$74,000 for the years ended June 30, 2022 and 2021, respectively.

NOTE 13 LEASE COMMITMENTS

The Organization leases office space under a 10-year agreement with the Center, a nonprofit organization created to construct and maintain an office building (Carol Grotnes Belk Building (the Building)) to house Charlotte nonprofit agencies serving children and families in a central location at an affordable rate. The lease agreement also includes use of certain furniture, storage space, telephone system, computer equipment, and information technology and other collaborative services. The lease expires on December 31, 2029, and is renewable for two additional 10-year periods, and a third period ending December 31, 2052. For the years ended June 30, 2022 and 2021, the lease agreement required monthly payments of approximately \$15,700, but may be changed at the Center's discretion.

The Organization leases additional office facilities and equipment under operating lease agreements.

Aggregate future minimum lease payments for all office and equipment leases as of June 30, 2022 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 219,485
2024	218,016
2025	211,663
2026	207,874
2027	207,874
Thereafter	519,686
	<u>\$ 1,584,598</u>

UNITED WAY OF CENTRAL CAROLINAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 13 LEASE COMMITMENTS (CONTINUED)

The Organization signed an agreement dated October 20, 2020 to lease space with an entity at no cost to the Organization through September 29, 2030. Because the Organization has exclusive use of the space at an amount below fair market value, the Organization recorded a lease receivable and a restricted contribution of approximately \$91,000, the fair value of the space. The lease receivable is amortized to rent expense on a straight-line basis over the life of the lease.

Rental expense under these lease agreements was approximately \$365,000 and \$370,000 for the years ended June 30, 2022 and 2021, respectively.

NOTE 14 FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. For additional information on how the Organization measures fair value refer to Note 2 – Summary of Significant Accounting Policies. The following table presents the fair value hierarchy for the balances of the assets the Organization measured at fair value on a recurring basis as of June 30:

As of June 30, 2022:	Level 1	Level 2	Level 3	Total
Investments:				
Mutual Funds	\$ 9,418,902	\$ -	\$ -	\$ 9,418,902
Beneficial Interest in Assets	-	-	2,446,178	2,446,178
	<u>\$ 9,418,902</u>	<u>\$ -</u>	<u>\$ 2,446,178</u>	<u>\$ 11,865,080</u>
As of June 30, 2021:	Level 1	Level 2	Level 3	Total
Investments:				
Certificates of Deposit	\$ 510,264	\$ -	\$ -	\$ 510,264
Mutual Funds	11,042,193	-	-	11,042,193
Beneficial Interest in Assets	-	-	2,871,127	2,871,127
	<u>\$ 11,552,457</u>	<u>\$ -</u>	<u>\$ 2,871,127</u>	<u>\$ 14,423,584</u>

During the years ended June 30, 2022 and 2021, there were purchases of approximately \$5,000 and \$254,000, respectively, related to level 3 financial assets. During the years ended June 30, 2022 and 2021, there were no issuances or transfers related to Level 3 financial assets. The Level 3 assets represent a proprietary managed account with underlying assets of cash and cash equivalents, publicly traded common stocks, and bonds and other fixed income instruments. The investment manager reports the fair value of the Organization's interest in the account.

UNITED WAY OF CENTRAL CAROLINAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 15 ENDOWMENT FUNDS

The Organization's endowment consists of several individual funds established for a variety of purposes that are invested at FFTC. The endowment consists of donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

<u>As of June 30, 2022:</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ -	\$ 851,146	\$ 851,146
Accumulated Investment Gains	-	293,599	293,599
Board Quasi-Endowments	1,301,433	-	1,301,433
	<u>\$ 1,301,433</u>	<u>\$ 1,144,745</u>	<u>\$ 2,446,178</u>
<u>As of June 30, 2021:</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ -	\$ 851,146	\$ 851,146
Accumulated Investment Gains	-	501,424	501,424
Board Quasi-Endowments	1,518,557	-	1,518,557
	<u>\$ 1,518,557</u>	<u>\$ 1,352,570</u>	<u>\$ 2,871,127</u>

The Board of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring, absent explicit donor stipulations to the contrary, that the following amount included in the endowment be classified as net assets with donor restrictions-restricted in perpetuity: a) the original value of gifts donated to the endowment, b) the original value of subsequent gifts to the endowment, and c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not restricted in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA or spent in accordance with the purpose restrictions established by the donor.

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

1. The duration and preservation of the fund.
2. The purposes of the Organization and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect on inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Organization.
7. The investment policies of the Organization.

UNITED WAY OF CENTRAL CAROLINAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 15 ENDOWMENT FUNDS (CONTINUED)

FFTC administers the endowed funds of the Legacy Foundation. The Board of Directors of the Legacy Foundation and ultimately the Organization have adopted investment and spending policies for endowment assets that attempt to provide for a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets are invested in a manner that is intended to produce results that provide an average annual real rate of return, net of fees, equal to or greater than spending, administrative fees, and inflation (Consumer Price Index). Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Legacy Foundation 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.

The Legacy Foundation's spending policy allows for appropriating for distribution each year a maximum 5% of the average fair value using the prior 3 years' value at the calendar year-end preceding the fiscal year in which the distribution is planned. This policy is evaluated on an annual basis for prudence. In establishing the spending policy, the expected return on the endowment was taken into consideration. Accordingly, the spending policy is expected to allow the endowment to maintain its purchasing power by growing at a rate equal to planned payouts. Additional real growth will be provided through new gifts and any excess investment return.

Changes in the investment portion of the endowment net assets for the years ended June 30, 2022 and 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, June 30, 2020	\$ 1,052,272	\$ 1,076,451	\$ 2,128,723
Contributions	254,287	-	254,287
Change in Beneficial Interests in Assets, Net of Expenses	211,998	276,119	488,117
Endowment Net Assets, June 30, 2021	<u>1,518,557</u>	<u>1,352,570</u>	<u>2,871,127</u>
Contributions	5,206	-	5,206
Change in Beneficial Interests in Assets, Net of Expenses	(222,330)	(207,825)	(430,155)
Endowment Net Assets, June 30, 2022	<u>\$ 1,301,433</u>	<u>\$ 1,144,745</u>	<u>\$ 2,446,178</u>

NOTE 16 RELATED PARTY TRANSACTIONS

The Organization had approximately \$33,000 and \$88,000 in pledges receivable from board members as of June 30, 2022 and 2021, respectively.

UNITED WAY OF CENTRAL CAROLINAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 17 EMPLOYEE RETENTION CREDIT

In response to the adverse economic impact of the COVID-19 pandemic, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by congress and became law on March 27, 2020. The Employee Retention Credit (ERC) was a part of the CARES Act and for the period through December 31, 2020 provided for a refundable payroll tax credit for 50% of wages paid by employers to employees (up to \$10,000 per employee) upon meeting certain criteria. The ERC is available to employers whose operations were fully or partially suspended or whose gross receipts declined by more than 50% or 20% when compared to the same quarter in the prior year for 2020 or 2021, respectively.

The Organization determined that as a result of its operations being partially suspended due to various governmental orders it met the criteria to qualify for the ERC for the fourth quarter of 2020. In addition, the Organization determined that as a result of a greater than 20% gross receipts decline it met the criteria to qualify for the ERC for the first and second quarters of 2021. Accordingly, the Organization submitted applications for the ERC totaling approximately \$611,000. This ERC is included in Government Grants revenue in the statement of activities for the year ended June 30, 2022. The Organization received payment for a portion of the ERC during the year ended June 30, 2022 and the remaining \$437,000 is included in Grants Receivable as of June 30, 2022.

ACCOMPANYING INFORMATION

UNITED WAY OF CENTRAL CAROLINAS, INC.
SUPPLEMENTAL SCHEDULE OF MANAGEMENT CALCULATION OF OVERHEAD RATE
(NON-GAAP CALCULATION)
YEARS ENDED JUNE 30, 2022 AND 2021

Management calculates the overhead rate in accordance with the United Way of America Functional Expenses and Overhead Reporting Standards as follows:

	<u>2022</u>	<u>2021</u>
Total Support, Revenue, and Reclassifications	\$ 20,829,354	\$ 24,228,038
Plus: Current Campaign Year Donor Designations, Net of Provision for Uncollectibles (2020 and 2019 Campaigns, Respectively)	898,260	920,518
Plus: Unrealized (Gains) Losses on Investments and Beneficial Interest in Assets	3,073,663	(2,239,518)
	<u>\$ 24,801,277</u>	<u>\$ 22,909,038</u>
Total Supporting Services	\$ 2,988,214	\$ 3,504,697
Plus: Investment Expenses	-	19,722
	<u>\$ 2,988,214</u>	<u>\$ 3,524,419</u>
Overhead Rate	<u>12.0%</u>	<u>15.4%</u>