



United Way of Asheville
and Buncombe County

**UNITED WAY OF ASHEVILLE
AND BUNCOMBE COUNTY, INC.**

Asheville, North Carolina

Financial Statements and
Supplementary Information

Years Ended June 30, 2022 and 2021

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

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UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
United Way of Asheville and Buncombe County, Inc.

Opinion

We have audited the accompanying financial statements of United Way of Asheville and Buncombe County, Inc. (a nonprofit 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 United Way of Asheville and Buncombe County, Inc. 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. 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 United Way of Asheville and Buncombe County, Inc. 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 United Way of Asheville and Buncombe County, Inc.'s ability to continue as a going concern within one year after the date that 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 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 United Way of Asheville and Buncombe County, Inc's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Asheville and Buncombe County, Inc's ability to continue as a going concern for a reasonable period of time.

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

To the Board of Directors
United Way of Asheville and Buncombe County, Inc.
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Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of grants to partner organizations and schedule of building expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CARTER, P.C.

Asheville, North Carolina
February 15, 2023

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

Statements of Financial Position
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current assets:		
Cash and equivalents:		
Unrestricted	\$ 580,180	\$ 564,054
Restricted	13,607	13,033
Grants receivable	85,103	219,907
Promises to give, current portion	1,267,596	1,055,381
Accounts receivable	181,509	186,073
Other receivables	6,108	15,688
Prepaid expenses	<u>19,575</u>	<u>4,933</u>
Total current assets	2,153,678	2,059,069
Promises to give, net of current portion	383,017	232,299
Investments	1,366,772	1,601,738
Beneficial interest in endowment funds	2,459,822	2,791,110
Property and equipment	<u>1,626,869</u>	<u>1,652,819</u>
Total assets	<u>\$ 7,990,158</u>	<u>\$ 8,337,035</u>
Liabilities and net assets		
Current liabilities:		
Current maturities of long-term debt	\$	\$ 81,960
Accounts payable and accrued liabilities	332,081	370,036
Grants payable	363,780	727,561
Security deposits	3,227	3,227
Deferred revenue	<u>479,394</u>	<u> </u>
Total current liabilities	1,178,482	1,182,784
Long-term debt, net of current maturities	<u> </u>	<u>336,040</u>
Total liabilities	<u>1,178,482</u>	<u>1,518,824</u>
Net assets:		
Without donor restrictions	5,661,127	5,185,572
With donor restrictions	<u>1,150,549</u>	<u>1,632,639</u>
Total net assets	<u>6,811,676</u>	<u>6,818,211</u>
Total liabilities and net assets	<u>\$ 7,990,158</u>	<u>\$ 8,337,035</u>

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

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

Statement of Activities
Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and other support			
Campaign contributions	\$	\$ 3,870,825	\$ 3,870,825
Less, designations received and paid		(94,457)	(94,457)
Building rents, net	48,348		48,348
Grants		1,495,630	1,495,630
Contracts	557,143		557,143
Sponsorships		35,000	35,000
Other contributions		28,281	28,281
Investment income, net	8,203		8,203
In-kind contributions		80,903	80,903
Net assets released from restrictions	<u>5,898,272</u>	<u>(5,898,272)</u>	
Total revenues and other support	<u>6,511,966</u>	<u>(482,090)</u>	<u>6,029,876</u>
 Expenses			
Program services	4,086,947		4,086,947
Supporting services	<u>1,440,039</u>		<u>1,440,039</u>
Total expenses	<u>5,526,986</u>		<u>5,526,986</u>
 Increase (decrease) in net assets before other losses	<u>984,980</u>	<u>(482,090)</u>	<u>502,890</u>
 Other losses			
Net losses on investments	(160,086)		(160,086)
Net losses on beneficial interest in endowment funds	<u>(349,339)</u>		<u>(349,339)</u>
Total other losses	<u>(509,425)</u>		<u>(509,425)</u>
 Increase (decrease) in net assets	475,555	(482,090)	(6,535)
 Net assets at beginning of year	<u>5,185,572</u>	<u>1,632,639</u>	<u>6,818,211</u>
 Net assets at end of year	<u>\$ 5,661,127</u>	<u>\$ 1,150,549</u>	<u>\$ 6,811,676</u>

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

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

Statement of Activities
Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and other support			
Campaign contributions	\$	\$ 3,484,816	\$ 3,484,816
Less, designations received and paid		(265,897)	(265,897)
Building rents, net	53,940		53,940
Grants		1,739,521	1,739,521
Contracts	418,782		418,782
Sponsorships		86,600	86,600
Other contributions		97,149	97,149
Investment income, net	12,997		12,997
In-kind contributions		44,649	44,649
Net assets released from restrictions	<u>4,343,348</u>	<u>(4,343,348)</u>	
Total revenues and other support	<u>4,829,067</u>	<u>843,490</u>	<u>5,672,557</u>
Expenses			
Program services	4,086,785		4,086,785
Supporting services	<u>1,210,804</u>		<u>1,210,804</u>
Total expenses	<u>5,297,589</u>		<u>5,297,589</u>
Increase (decrease) in net assets before other gains	<u>(468,522)</u>	<u>843,490</u>	<u>374,968</u>
Other gains			
Net gains on investments	276,856		276,856
Net gains on other investment	10,798		10,798
Net gains on beneficial interest in endowment funds	<u>541,316</u>		<u>541,316</u>
Total other gains	<u>828,970</u>		<u>828,970</u>
Increase in net assets	360,448	843,490	1,203,938
Net assets at beginning of year	<u>4,825,124</u>	<u>789,149</u>	<u>5,614,273</u>
Net assets at end of year	<u>\$ 5,185,572</u>	<u>\$ 1,632,639</u>	<u>\$ 6,818,211</u>

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

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services			
	2-1-1 Call Center	Community Engagement	Communi- cations & Marketing	Community Schools
Salaries	\$ 649,571	\$ 214,665	\$ 130,526	\$ 841,515
Employee benefits	140,775	45,561	24,677	172,076
Payroll taxes	49,409	15,725	9,960	63,168
Contract labor	21,189	5,972	18,257	74,857
Total payroll and related expenses	860,944	281,923	183,420	1,151,616
Grants and contracts	132,380	82,505	20,031	786,686
Supplies	515	22,688	2,103	23,767
Homework diners				1,290
Maintenance	22,418	3,773	3,977	16,900
Computer support	2,960	9,547	5,603	3,482
Printing	47	8	19,284	380
Postage	1,710	246	494	1,102
Telephone	15,919	2,145	1,066	3,922
Training	13,044	953	5,235	159,837
Travel and conferences	28,510	10,130	4,528	80,666
Memberships and dues	4,870	1,085	835	3,693
Advertising		450	36,854	112
Professional fees	1,940	3,066	12,669	11,805
Insurance	502	152	407	1,035
Bad debt				
Miscellaneous	5,274	1,566	798	4,320
Total expenses before interest and depreciation	1,091,033	420,237	297,304	2,250,613
Interest				
Depreciation	11,806	3,419	1,899	10,636
Total expenses	\$ 1,102,839	\$ 423,656	\$ 299,203	\$ 2,261,249

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

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

Statement of Functional Expenses (continued)
Year Ended June 30, 2022

	Total Program Services	Supporting Services			Total Supporting Services	Total
		Management & General	Fundraising			
Salaries	\$ 1,836,277	\$ 275,699	\$ 376,460	\$ 652,159	\$ 2,488,436	
Employee benefits	383,089	62,629	69,527	132,156	515,245	
Payroll taxes	138,262	20,399	28,067	48,466	186,728	
Contract labor	<u>120,275</u>	<u>6,200</u>	<u>33,668</u>	<u>39,868</u>	<u>160,143</u>	
Total payroll and related expenses	2,477,903	364,927	507,722	872,649	3,350,552	
Grants and contracts	1,021,602	48,168	47,996	96,164	1,117,766	
Supplies	49,073	5,401	7,385	12,786	61,859	
Homework diners	1,290				1,290	
Maintenance	47,068	6,495	13,207	19,702	66,770	
Computer support	21,592	26,731	21,361	48,092	69,684	
Printing	19,719	11	2,541	2,552	22,271	
Postage	3,552	347	960	1,307	4,859	
Telephone	23,052	1,973	2,264	4,237	27,289	
Training	179,069	6,674	12,968	19,642	198,711	
Travel and conferences	123,834	10,967	34,007	44,974	168,808	
Memberships and dues	10,483	84,771	3,452	88,223	98,706	
Advertising	37,416				37,416	
Professional fees	29,480	39,918	10,522	50,440	79,920	
Insurance	2,096	847	972	1,819	3,915	
Bad debt			143,428	143,428	143,428	
Miscellaneous	<u>11,958</u>	<u>16,526</u>	<u>7,561</u>	<u>24,087</u>	<u>36,045</u>	
Total expenses before interest and depreciation	4,059,187	613,756	816,346	1,430,102	5,489,289	
Interest		1,200		1,200	1,200	
Depreciation	<u>27,760</u>	<u>4,558</u>	<u>4,179</u>	<u>8,737</u>	<u>36,497</u>	
Total expenses	<u>\$ 4,086,947</u>	<u>\$ 619,514</u>	<u>\$ 820,525</u>	<u>\$ 1,440,039</u>	<u>\$ 5,526,986</u>	

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

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

Statement of Functional Expenses
Year Ended June 30, 2021

	<u>Program Services</u>			
	<u>2-1-1 Call Center</u>	<u>Community Engagement</u>	<u>Communi- cations & Marketing</u>	<u>Community Schools</u>
Salaries	\$ 743,459	\$ 129,374	\$ 155,792	\$ 652,374
Employee benefits	150,773	28,223	28,306	133,229
Payroll taxes	53,343	2,082	11,852	42,804
Contract labor			6,282	23,728
Total payroll and related expenses	<u>947,575</u>	<u>159,679</u>	<u>202,232</u>	<u>852,135</u>
Grants and contracts	115	1,205,054		342,566
Supplies	11,137	4,148	10,912	12,167
Maintenance	15,328	2,644	2,713	11,742
Computer support	34,757	9,241	8,672	37,958
Printing	727	125	3,824	2,602
Postage	853	125	119	623
Telephone	11,971	333	526	1,115
Training	7,178	431	1,087	37,023
Travel and conferences	645	1,214	106	6,581
Memberships and dues	2,666	707	457	2,101
Advertising	5,079	1,121	15,646	3,948
Professional fees	14,404	2,112	23,758	25,100
Insurance	1,451	315	397	1,251
Bad debt				
Miscellaneous	<u>5,001</u>	<u>1,620</u>	<u>357</u>	<u>3,003</u>
Total expenses before interest and depreciation	1,058,887	1,388,869	270,806	1,339,915
Interest	1,903	326	326	1,468
Depreciation	<u>11,486</u>	<u>1,969</u>	<u>1,969</u>	<u>8,861</u>
Total expenses	<u>\$ 1,072,276</u>	<u>\$ 1,391,164</u>	<u>\$ 273,101</u>	<u>\$ 1,350,244</u>

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

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

Statement of Functional Expenses (continued)
Year Ended June 30, 2021

	Total Program Services	Supporting Services			Total Supporting Services	Total
		Management & General	Fundraising			
Salaries	\$ 1,680,999	\$ 241,815	\$ 386,811	\$ 628,626	2,309,625	
Employee benefits	340,531	37,623	73,839	111,462	451,993	
Payroll taxes	110,081	18,543	29,533	48,076	158,157	
Contract labor	<u>30,010</u>		<u>19,687</u>	<u>19,687</u>	<u>49,697</u>	
Total payroll and related expenses	2,161,621	297,981	509,870	807,851	2,969,472	
Grants and contracts	1,547,735				1,547,735	
Supplies	38,364	3,251	6,291	9,542	47,906	
Maintenance	32,427	3,670	6,667	10,337	42,764	
Computer support	90,628	19,896	29,007	48,903	139,531	
Printing	7,278	166	3,254	3,420	10,698	
Postage	1,720	453	546	999	2,719	
Telephone	13,945	817	1,042	1,859	15,804	
Training	45,719	389	1,932	2,321	48,040	
Travel and conferences	8,546	200	7,816	8,016	16,562	
Memberships and dues	5,931	80,593	1,472	82,065	87,996	
Advertising	25,794	1,161	2,177	3,338	29,132	
Professional fees	65,374	42,894	25,306	68,200	133,574	
Insurance	3,414	530	787	1,317	4,731	
Bad debt			137,430	137,430	137,430	
Miscellaneous	<u>9,981</u>	<u>12,274</u>	<u>2,870</u>	<u>15,144</u>	<u>25,125</u>	
Total expenses before interest and depreciation	4,058,477	464,275	736,467	1,200,742	5,259,219	
Interest	4,023	715	815	1,530	5,553	
Depreciation	<u>24,285</u>	<u>3,609</u>	<u>4,923</u>	<u>8,532</u>	<u>32,817</u>	
Total expenses	<u>\$ 4,086,785</u>	<u>\$ 468,599</u>	<u>\$ 742,205</u>	<u>\$ 1,210,804</u>	<u>\$ 5,297,589</u>	

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

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

Statements of Cash Flows Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (6,535)	\$ 1,203,938
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	74,483	79,737
Bad debt expense	143,428	137,430
Present value adjustment	8,450	10,701
Receipt of donated stock	(161,632)	(217,690)
Net (gains) losses on investments	160,086	(276,856)
Net gains on other investment		(10,798)
Net (gains) losses on beneficial interest in endowment funds	349,339	(541,316)
Paycheck Protection Program loan forgiveness	(423,945)	(422,377)
Noncash interest expense	5,945	4,377
Changes in working capital - sources (uses):		
Grants receivable	134,804	(219,907)
Promises to give	(514,811)	(360,517)
Accounts receivable	4,564	(132,816)
Other receivables	9,580	(4,420)
Prepaid expenses	(14,642)	15,596
Accounts payable and accrued liabilities	(37,955)	159,891
Grants payable	(363,781)	272,835
Deferred revenue	479,394	
Net cash used by operating activities	(153,228)	(302,192)
Cash flows from investing activities		
Proceeds from sale of investments	2,915,155	1,879,269
Distributions from other investment		37,329
Distribution from beneficial interest in endowment funds	84,430	76,580
Purchase of investments	(2,678,643)	(1,771,356)
Contributions to beneficial interest in endowment funds	(106,939)	(10,292)
Change in beneficial interest in endowment funds	4,458	177
Purchase of property and equipment	(48,533)	
Net cash provided by investing activities	169,928	211,707
Cash flows from financing activities		
Proceeds from borrowings on line of credit	65,999	760,543
Proceeds from issuance of long-term debt		418,000
Principal repayments on line of credit	(65,999)	(760,543)
Net cash provided by financing activities		418,000
Net increase in cash and equivalents and restricted cash	16,700	327,515
Cash and equivalents and restricted cash at beginning of year	577,087	249,572
Cash and equivalents and restricted cash at end of year	\$ 593,787	\$ 577,087
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 1,200	\$ 1,052

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

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

Notes to Financial Statements
June 30, 2022 and 2021

Note 1 - Summary of Significant Accounting Policies

Organization

Since its founding in 1921, United Way of Asheville and Buncombe County, Inc. (Organization) is a nonprofit that has served as a convener — bringing together the necessary people and resources needed to tackle crucial community issues and connect people to the support they need. Guiding this work are these core elements:

VISION: A united and resilient community where everyone belongs and everyone thrives.

MISSION: We mobilize and support a robust network of people, partners, and resources to co-create opportunities for every person in our community to live free from poverty and injustice.

FOCUS: We employ the community school strategy as the organizing framework for elevating student success, supporting families, and engaging communities throughout Buncombe County.

As the Organization enters their second century of work their vision, mission, and focus are visible in the Organization's key strategies:

- Community Investments and Partnerships: Using input from volunteers and subject-matter experts, the Organization invests community donations and other resources in high-quality programs that improve the education, financial stability, and health of the community through grants and contracts to other nonprofit agencies.
- United for Youth and Community Schools: Students and families living in poverty face significant barriers to educational success and a healthy life. The Organization serves as a backbone organization to a network of more than 50 organizations that are changing how we build support for students, families, and communities. In partnership with Asheville City Schools and Buncombe County Schools, the Organization also operates 7 Community Schools. These sites serve as hubs of support for students and families.

NC 211: NC 211 is an information and referral service provided by United Way of North Carolina. Two call centers, one in Cary and the other in Asheville each serve 50 counties. The Asheville Call Center is operated by the Organization. North Carolina residents can call to obtain free and confidential information on health and human services within their community. Available in most languages, NC 211 is open 24 hours a day, seven days a week, 365 days a year.

Note 1 - Summary of Significant Accounting Policies (continued)

Organization (continued)

- Hands On Asheville-Buncombe: The Organization's volunteer center mobilizes more than 3,000 people every year to tackle projects of every shape and size and connects people to volunteer opportunities that fit their interests, skills and availability through the Organization and other nonprofit and public service organizations. During the height of COVID-19, Hands On Asheville-Buncombe played a vital role in both the City of Asheville and Buncombe County's response efforts. As the work of United for Youth grows, the volunteer center will drive community efforts in support of network partners and our collective efforts to achieve our community's bold community goal.

Income Tax Status

The Organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under section 509(a)(2). The Organization has also been classified as a publicly-supported charitable organization and is exempt from state taxes under North Carolina General Statute 105-130.11(a).

Basis of Presentation

The financial statements of the Organization 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), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

- *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 Board of Directors.
- *Net assets with donor restrictions:* Net assets subject to donor-imposed time or purpose restrictions. These restrictions limit the spending options when using these resources because the Organization has a fiduciary responsibility to follow the donors' instructions. Net assets with donor restrictions generally result from donor-restricted contributions and grants for a specific purpose. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization, or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Support is recorded as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on net assets (that is, the donor-stipulated purpose has been fulfilled and/or time period has elapsed) are reported as net assets released from restrictions.

Note 1 - Summary of Significant Accounting Policies (continued)

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing program services. Non-operating activities are limited to resources that generate return from investments, other investments, and beneficial interest in endowment funds, and other activities considered to be more unusual or nonrecurring in nature.

Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The carrying value of substantially all reported assets and liabilities, other than promises to give, investments, beneficial interest in endowment funds, and long-term debt, approximates fair value due to the relatively short-term nature of the financial instruments.

Amounts recognized for promises to give approximates fair value due to the allowance for uncollectible promises to give and net present value adjustment applied to outstanding balances.

Fair value of investments and beneficial interest in endowment funds are discussed in Note 6.

The carrying value of long-term debt approximates fair value due to market interest rates charged at the time of borrowing and generally adjusted periodically.

Cash and Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, except those amounts designated and classified as investments. Restricted cash consists of cash held for health insurance claims.

Note 1 - Summary of Significant Accounting Policies (continued)

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are expected to be received. Amortization of the discount is included in campaign contributions. Management provides for probable uncollectible amounts through a provision for uncollectible promises to give based on prior collection history and future expected collection rates.

Accounts, Grants, and Other Receivables

Accounts receivable consist of uncollateralized customer obligations for contract services and rental fees. Receipts of payments of accounts receivable are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices. The Organization has not experienced significant difficulties in collecting accounts receivable and therefore does not assess finance charges. Grants receivable are funds due from federal agencies and nonprofit organizations. Other receivables consist primarily of sales tax receivables.

All accounts, grants, and other receivables are considered by management to be fully collectible and therefore no allowance for uncollectible accounts has been recorded. Receivables are considered impaired if full payment is not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible receivables when management determines collection is unlikely.

Investments

Investments are recorded at fair market value. Both unrealized gains and losses from the fluctuation of market value and realized gains and losses from the sale of investments are reflected in the statements of activities.

Investment Income and Gains

Investment income and gains are reported as increases in net assets without donor restrictions unless the income or gains is restricted by donors or law.

Fair Value Measurements and Disclosures

The Organization applies U.S. GAAP authoritative guidance for fair value measurements and disclosures, which defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements. The standard describes three levels of inputs that may be used to measure fair value:

Note 1 - Summary of Significant Accounting Policies (continued)

Fair Value Measurements and Disclosures (continued)

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Assets and liabilities within the hierarchy are based on the lowest (or least observable) input that is significant to the measurement. The Organization's assessment of the significance of an input requires judgment, which may affect the valuation and classification within the fair value hierarchy.

Property and Equipment

Additions to property and equipment, if purchased, are recorded at cost. Major renewals and replacements are capitalized. Expenditures for repairs and maintenance that do not improve or extend the life of the asset are expensed. The Organization has adopted an accounting policy to capitalize all property and equipment with a cost greater than \$1,000 and an estimated useful life extending beyond one year. Depreciation is computed using the straight-line method over the estimated useful life of the asset, ranging from three to thirty-nine years.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at the estimated fair value at the date of the gift. The Organization reports gifts of property and equipment as contributions without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are recorded as net assets with donor restrictions until such assets are acquired or placed in service.

Donated Assets

Donated marketable securities are recorded as campaign contributions at their estimated fair value at the date of donation.

Note 1 - Summary of Significant Accounting Policies (continued)

Donated Assets (continued)

Donated materials and equipment are reflected as in-kind contributions at their estimated fair value at the date of donation. For the years ended June 30, 2022, and 2021, the Organization received in-kind school supplies used in program services and without donor restrictions in the amount of \$80,903. and \$30,412. These in-kind contributions are valued at the donor provided amount, price that would be paid to purchase a comparable item, or current sales price of the item as sold by the donating vendor.

Donated Services

Donated services are recognized as in-kind contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization received \$0 and \$14,237 in donated advertising services shown as supportive services and without donor restrictions during the years ended June 30, 2022 and 2021, respectively. Donated professional services are valued by the donor based on standard billing rates for the underlying services provided. Volunteers also provided a variety of tasks that assist the Organization with specific objectives throughout the fiscal year that are not recognized as contributions in the financial statements since the recognition criteria were not met. The Organization received approximately 2,200 and 10,000 volunteer hours during the years ended June 30, 2022 and 2021, respectively.

Grants Payable

Unconditional grants are charged to operations and recognized as liabilities when authorized by the Board of Directors, regardless of the year in which they are paid. Gifts that are subject to conditions are recorded when approved by the Board of Directors and the conditions are substantially met. The Organization has allocated grants payable to partner organizations in the amount of \$363,780 and \$727,561, as of June 30, 2022 and 2021, respectively.

Revenue Recognition

Contributions are recognized when cash, securities, other assets, or an unconditional promise to give is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return of the asset or right of release of the obligation - are not recognized until the conditions on which they depend have been met.

A portion of the Organization's revenue is derived from cost-reimbursable federal contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statements of financial position.

Note 1 - Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Certain campaign contributions made to the Organization are designated by the donors to be paid out to other agencies. These contributions are recognized as both campaign contributions and designations received and paid on the accompanying statements of activities. Designations received and paid are recorded net of collection fees earned. The balance of unpaid promises to give designated to agencies remains as a liability until the pledge is collected and paid out. The liability for unpaid designations to agencies is recorded as a reduction of promises to give in the statements of financial position.

Contract revenue is recorded at contractually agreed upon rates based on estimated total consideration due from customers in exchange for providing services. These services are considered to have a single performance obligation and are recognized as these services are provided.

The Organization also recognizes revenue from acting as a lessor in operating leases. Revenue is recorded as rental income in the statements of activities and is accounted for on the straight-line basis over the lease term. Rental income is presented net of related rental expenses as disclosed in Note 11, Building Rents.

Advertising

The Organization uses advertising to promote various programs. Advertising costs are not expected to extend beyond the current period and are expensed as incurred. Advertising expense for the years ended June 30, 2022 and 2021, was \$37,416 and \$29,567, respectively.

Functional Allocation of Expenses

The cost of providing program and supporting services activities have been summarized on a functional basis in the statements of activities and functional expenses. Certain categories of expenses are attributable to programs and support. All expenses except for grants and contracts, homework dinners, and bad debt are allocated based on estimates of time and effort and square footage of building space in which the programs are operated. Grants and contracts and homework dinners are directly related to program services. Bad debt is directly related to fundraising which is a supporting service.

Reclassification

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Note 1 - Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements

During the year ended June 30, 2022, the Organization adopted the requirements of the following standards set by the Financial Accounting Standards Board (FASB). The implementation of each of these standards did not materially impact the Organization's financial statements.

- Accounting Standards Update No. 2018-15, *Intangibles—Goodwill and Other— Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract*. ASU 2018-15 aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software.
- Accounting Standards Update No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 clarifies and expands the presentation and disclosure requirements of contributed nonfinancial assets for nonprofit entities for the purpose of enhancing transparency of such contributions received. These additional note disclosures are included in Note 1, Donated Assets and Donated Services.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases*. Under the new standard, lessees will recognize a right-of-use asset and lease liability for virtually all leases (other than leases that meet the definition of a short-term lease). The lease liability will be equal to the present value of lease payments. For statement of activity purposes, leases continue to be classified as either operating or finance. Operating leases will result in straight-line expense, while finance leases will result in accelerated expense recognition, comparable to current capital leases. Classification will be based on criteria similar to those applied to current lease accounting. Additional disclosures will be required to provide details of revenue and expense recognized and expected to be recognized from existing agreements. The new standard will be effective beginning July 1, 2022. The Organization is currently evaluating the effect this ASU will have on its financial statements.

Note 2 - Net Assets

Net assets are described as follows:

<u>At June 30</u>	<u>2022</u>	<u>2021</u>
Net assets without donor restrictions:		
Undesignated	\$ 2,684,427	\$ 2,037,954
Investment in property and equipment	1,626,869	1,652,819
Board designated:		
Operating reserve	804,922	949,890
Building reserve	366,147	366,147
2-1-1 reserve	<u>178,762</u>	<u>178,762</u>
Net assets without donor restrictions	<u>5,661,127</u>	<u>5,185,572</u>
Net assets with donor restrictions:		
Subject to expenditure for specified purpose or period:		
Advanced pledges	402,168	424,175
Campaign sponsorship		73,000
Grants	119,503	626,586
Elevator project	<u>120,000</u>	<u> </u>
Total subject to expenditure for specified purpose or period	<u>641,671</u>	<u>1,123,761</u>
Not subject to spending policy or appropriation:		
Promises to give	19,423	36,365
Beneficial interest in endowment funds in perpetuity	<u>489,455</u>	<u>472,513</u>
Total not subject to spending policy or appropriation	<u>508,878</u>	<u>508,878</u>
Net assets with donor restrictions	<u>1,150,549</u>	<u>1,632,639</u>
<u>Total net assets</u>	<u>\$ 6,811,676</u>	<u>\$ 6,818,211</u>

Note 3 - Liquidity and Availability of Financial Assets

The Organization received significant contributions and promises to give restricted by donors and consider those program contributions, which are ongoing, major, and central to its operations, to be available to meet cash needs for general expenditures.

The Organization manages liquidity and reserves utilizing three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets to fund near-term operating needs, and
- Maintaining dedicated reserves to provide reasonable assurance that obligations are met.

Board designated operating reserves are available for appropriation by the Board. Although the Organization does not intend to spend from its board designated operating reserves, other than amounts appropriated for general expenditure as part of its annual budget process, amounts could be made available if necessary.

Note 3 - Liquidity and Availability of Financial Assets (continued)

The Organization maintains a line of credit, as discussed in Note 9, to meet short-term working capital needs with access to up to \$600,000 to meet general expenditure needs.

The following reflects the liquidity and availability of the Organization's financial assets:

<u>At June 30</u>	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and equivalents, and restricted cash	\$ 593,787	\$ 577,087
Grants receivable	85,103	219,907
Promises to give, net	1,650,613	1,287,680
Accounts receivable	181,509	186,073
Other receivables	6,108	15,688
Investments	1,366,772	1,601,738
Beneficial interest in endowment funds	<u>2,459,822</u>	<u>2,791,110</u>
Total financial assets	<u>6,343,714</u>	<u>6,679,283</u>
Amounts not available for general expenditure:		
Board designated operating reserve	(804,922)	(949,890)
Board designated building reserve	(366,147)	(366,147)
Board designated 2-1-1 reserve	(178,762)	(178,762)
Total net assets with donor restrictions	(1,150,549)	(1,632,639)
Add back: unallocated promises to give, current portion		<u>226,175</u>
Total amounts not available for general expenditure	<u>(2,500,380)</u>	<u>(2,901,263)</u>
Net financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,843,334</u>	<u>\$ 3,778,020</u>

Note 4 - Contract Assets and Liabilities

Grants receivable, promises to give, and accounts receivable represent the Organization's contract assets with an unconditional right to receive consideration from customers. Grants and accounts receivable are recorded at invoiced amounts or amounts expected to be receivable based on contractual terms without conditions. Promises to give are recorded at net realizable value or present value of future cash flows. Discount rate of 5% is used for year ended June 30, 2022. Discount rate of 3.5% was used for years ended June 30, 2021 and 2020.

Note 4 - Contract Assets and Liabilities (continued)

The following table provides information about contract assets:

<u>At June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Grants receivable	<u>\$ 85,103</u>	<u>\$ 219,907</u>	<u>\$</u>
Promises to give:			
Due in less than one year	1,432,468	1,312,780	1,309,892
One to five years	<u>402,168</u>	<u>243,000</u>	<u>10,000</u>
Total unconditional promises to give	1,834,636	1,555,780	1,319,892
Less, designations to other agencies	(30,946)	(99,399)	(165,628)
Less, discount on net present value	(19,151)	(10,701)	
Less, allowance for uncollectible promises to give	<u>(133,926)</u>	<u>(158,000)</u>	<u>(78,970)</u>
Promises to give, net	<u>1,650,613</u>	<u>1,287,680</u>	<u>1,075,294</u>
Accounts receivable	<u>181,509</u>	<u>186,073</u>	<u>53,257</u>
<u>Total contract assets</u>	<u>\$ 1,917,225</u>	<u>\$ 1,693,660</u>	<u>\$ 1,128,551</u>

Contract liabilities are recorded when a customer pays consideration, or the Organization has a right to an amount of consideration that is unconditional, before the transfer of a good or performance of a service to the customer. Thus, the Organization has an obligation to transfer the good or service to the customer at a future date. The Organization's contract liabilities consist of security deposits for rental units and deferred revenue. Deferred revenue, representing conditional contributions and advance payments received from donors and grantors prior to incurring expenditures in compliance with specific contract or grant provisions.

Significant changes in contract liabilities from contracts with customers are as follows:

<u>Years Ended June 30</u>	<u>2022</u>	<u>2021</u>
Security deposits, beginning of year	<u>\$ 3,227</u>	<u>\$ 3,227</u>
Deferred revenue, beginning of year		
Advanced payments	<u>479,394</u>	<u></u>
Deferred revenue, end of year	<u>479,394</u>	<u></u>
<u>Total contract liabilities</u>	<u>\$ 482,621</u>	<u>\$ 3,227</u>

Note 5 - Beneficial Interest in Endowment Funds

The beneficial interest in endowment funds is managed by the Community Foundation of Western North Carolina, Inc. (Foundation). The fund agreement grants variance power to the Foundation. This power allows the Board of Directors of the Foundation to modify any condition or restriction on the use and distribution of funds if, in its sole judgement (without the approval of any trustee, custodian, guardian or agent), such condition or restriction becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the area served by the Foundation. Under the terms of the agreements, the Organization can withdraw all or a portion of the original principal provided the governing board of the Organization approves the withdrawal except for a \$25,000 required minimum balance as stipulated in the terms of one of the fund agreements. The Organization's beneficial interest in endowment funds is invested in an allocated investment pool at the Foundation and is presented in the financial statements in the aggregate at fair value.

Note 6 - Fair Value Measurements

Investments, other investment, and beneficial interest in endowment funds are recorded in the accompanying financial statements at estimated fair value in accordance with the fair value hierarchy. The following is a description of the valuation methodologies used for assets measured at fair value:

Cash and Money Market Funds

Cash and money market funds are valued using observable market data and are categorized as Level 1 to the degree that they can be valued based on quoted market prices in active markets. Although these funds are readily available, it is the intent of the Organization to hold them for investment purposes and therefore have classified them as investments.

Equity Investments

Equity investments consist of daily traded exchange-traded funds and mutual funds. These investments are generally valued based on quoted market prices in active markets obtained from exchange or dealer markets for identical assets, and are accordingly categorized as Level 1, with no valuation adjustments applied.

Beneficial Interest in Endowment Funds

The fair value of the beneficial interest in endowment funds is provided by the Foundation. Due to the inputs being unobservable, the instrument is classified as Level 3.

Note 6 - Fair Value Measurements (continued)

The following tables sets forth estimated fair values of financial instruments:

<u>At June 30, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Cash and money market funds	\$ 38,396	\$	\$	\$ 38,396
Equity investments:				
Exchange-traded funds	<u>1,328,376</u>	<u> </u>	<u> </u>	<u>1,328,376</u>
Total investments	<u>1,366,772</u>			<u>1,366,772</u>
Beneficial interest in endowment funds	<u> </u>	<u> </u>	<u>2,459,822</u>	<u>2,459,822</u>
<u>Total fair value measurements</u>	<u>\$ 1,366,772</u>	<u>\$</u>	<u>\$ 2,459,822</u>	<u>\$ 3,826,594</u>

<u>At June 30, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Cash and money market funds	\$ 127,568	\$	\$	\$ 127,568
Equity investments:				
Exchange-traded funds	<u>1,474,170</u>	<u> </u>	<u> </u>	<u>1,474,170</u>
Total investments	<u>1,601,738</u>			<u>1,601,738</u>
Beneficial interest in endowment funds	<u> </u>	<u> </u>	<u>2,791,110</u>	<u>2,791,110</u>
<u>Total fair value measurements</u>	<u>\$ 1,601,738</u>	<u>\$</u>	<u>\$ 2,791,110</u>	<u>\$ 4,392,848</u>

A reconciliation of changes in Level 3 inputs is as follows:

<u>Year Ended June 30, 2022</u>	<u>Other Investment</u>	<u>Beneficial Interest in Endowment Funds</u>	<u>Total</u>
Level 3 inputs, beginning of year	\$	\$ 2,791,110	\$ 2,791,110
Contributions		106,939	106,939
Distributions		(84,430)	(84,430)
Interest and dividends		19,224	19,224
Investment fees		(23,681)	(23,682)
Net losses		<u>(349,340)</u>	<u>(349,339)</u>
<u>Level 3 inputs, end of year</u>	<u>\$</u>	<u>\$ 2,459,822</u>	<u>\$ 2,459,822</u>

Note 6 - Fair Value Measurements (continued)

<u>Year Ended June 30, 2021</u>	<u>Other Investment</u>	<u>Beneficial Interest in Endowment Funds</u>	<u>Total</u>
Level 3 inputs, beginning of year	\$ 26,531	\$ 2,316,259	\$ 2,342,790
Contributions		10,292	10,292
Distributions	(37,329)	(76,580)	(113,909)
Interest and dividends		20,675	20,675
Investment fees		(20,852)	(20,852)
Net gains	<u>10,798</u>	<u>541,316</u>	<u>552,114</u>
<u>Level 3 inputs, end of year</u>	<u>\$</u>	<u>\$ 2,791,110</u>	<u>\$ 2,791,110</u>

Note 7 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are described as follows:

<u>At June 30</u>	<u>2022</u>	<u>2021</u>
Accounts payable	\$ 105,009	\$ 146,716
Accrued compensated absences	169,676	167,477
Accrued payroll	50,682	44,875
Accrued health insurance liabilities	824	363
Escheat payable		8,862
Accrued interest and taxes	<u>5,890</u>	<u>1,743</u>
<u>Accounts payable and accrued liabilities</u>	<u>\$ 332,081</u>	<u>\$ 370,036</u>

Note 8 - Property and Equipment

Property and equipment consist of the following:

<u>At June 30</u>	<u>2022</u>	<u>2021</u>
Land	\$ 100,420	\$ 100,420
Building and improvements	3,041,326	3,008,807
Furniture and equipment	441,361	433,217
Vehicles	2,400	2,400
Centennial collection	<u>7,870</u>	<u></u>
	3,593,377	3,544,844
Less, accumulated depreciation	<u>(1,966,508)</u>	<u>(1,892,025)</u>
<u>Property and equipment</u>	<u>\$ 1,626,869</u>	<u>\$ 1,652,819</u>

Note 8 - Property and Equipment (continued)

Depreciation expense for the years ended June 30, 2022 and 2021, was \$74,483 and \$79,737, respectively.

Note 9 - Line of Credit

The Organization maintains an unsecured line of credit with maximum borrowings of \$600,000. The Organization has no significant compensating balance requirements or commitment fees related to this line. Interest is charged at the Wall Street Journal prime rate, plus 0.25% with a minimum rate of 4.5%. As of June 30, 2022, the interest rate was 5%. The line of credit did not have an outstanding balance at June 30, 2022 and 2021, and matures in March 2023.

Note 10 - Long-term Debt

Long-term debt is described as follows:

At June 30	2022	2021
Paycheck Protection Program (PPP) note payable due in 54 monthly installments of \$7,959, including interest at 1%, beginning August 2021, due January 2026, unsecured	\$	\$ 418,000
Less, current maturities	_____	_____(81,960)
<u>Long-term debt, net of current maturities</u>	\$	\$ 336,040

During the year ended June 30, 2021, proceeds from a first PPP loan in the amount of \$418,000 were used for allowable expenses and the full balance was forgiven. In addition, PPP funds from a second loan of \$418,000 were used for allowable expenses and full forgiveness was received in July 2022. Forgiveness of PPP funds is reported as grant income in the accompanying statements of activities.

Note 11 - Building Rents

The Organization owns the Community Service Center building located at 50 South French Broad Avenue and leases office space to nonprofit agencies and other businesses. Lease agreements are generally for one year. A summary of net building rents is as follows:

<u>Years Ended June 30</u>	<u>2022</u>	<u>2021</u>
Building rents	\$ 259,249	\$ 263,664
Rental expenses	172,915	162,641
Depreciation	37,986	46,920
Interest		163
Total expenses	<u>210,901</u>	<u>209,724</u>
<u>Building rents, net</u>	<u>\$ 48,348</u>	<u>\$ 53,940</u>

Future minimum rental payments to be received under all non-cancelable operating leases are \$53,447 for the year ending June 30, 2023.

Note 12 - Retirement Plan

The Organization participates in a 401(k) defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after attaining age eighteen and completing six months of service. The Organization will make a matching contribution equal to fifty percent of the employees' elective deferral up to two percent of employee compensation. The Organization will also make nonelective contributions to the Plan for eligible plan participants equal to 4% of employee compensation. Employer contributions are immediately vested.

Retirement benefit expenses under the Plan for the years ended June 30, 2022 and 2021, were \$116,148 and \$96,832, respectively.

Note 13 - Commitments and Contingencies

Lease Commitments

The Organization leased office equipment under an operating lease agreement that expired in June 2022. Total lease expense for the years ended June 30, 2022 and 2021, was \$7,404 and \$6,150, respectively. The Organization does not have any future minimum lease payments.

Self-insured Health Insurance

The Organization offered health insurance to its full-time employees through a self-insured health insurance program from October 2018 through January 2021, Management believes that any health insurance claims outstanding as of June 30, 2022 and 2021, would be immaterial.

Note 13 - Commitments and Contingencies (continued)

Self-insured Health Insurance (continued)

The Organization maintained a captive collateral account with the insurance company that was recorded as an other investment on the statements of financial position. The account was closed during the year ended June 30, 2021. Additionally, the Organization maintains a separate cash account to pay insurance claims that is reported as restricted cash on the accompanying statements of financial position. Cash restricted for insurance claims was \$13,607 and \$13,033, at June 30, 2022 and 2021, respectively.

Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and volunteers; and natural disasters. The Organization carries commercial insurance coverage for risks of loss. Claims have not exceeded coverage in any period since inception.

Government Assisted Programs

The Organization has received proceeds from governmental agencies. Periodic audits of these grants and third-party reimbursements are required and certain costs may be questioned as not being appropriate expenditures under the agreements. Such audits could result in the refund or reimbursement to the grantor or third-party agencies. Management believes that refunds or reimbursements, should any be determined, would be immaterial. No provisions have been made in the accompanying financial statements for the repayment of any grant monies or third-party reimbursements.

Note 14 - Concentrations of Credit Risk

The Organization maintains its cash balances at financial institutions that are insured by the Federal Deposit Insurance Corporation up to \$250,000. The uninsured cash balance as of June 30, 2022 and 2021, was \$367,534 and \$398,090, respectively.

The Organization's investments and beneficial interest in endowment funds are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these investments and the level of uncertainty related to changes in the fair value of investments, it is at least reasonably possible that changes in the various risk factors could occur in the near term and materially affect the Organization's financial position.

Note 15 - Income Taxes

Uncertain Tax Positions

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Note 15 - Income Taxes (continued)

Open Tax Years

The Organization's Return of Organization Exempt from Income Tax (Form 990) for the years ended June 30, 2021, 2020, and 2019, are subject to examination by the IRS, generally for three years after they were filed.

Note 16 - Related Party Transactions

During the years ended June 30, 2022 and 2021, the Organization received contributions of \$103,057 and \$150,693, respectively, from members of the Board of Directors.

During the years ended June 30, 2022 and 2021, the Organization paid dues in the amount of \$76,057 and \$69,658, to state and national affiliates. Accounts payable to the United Way Worldwide totaled \$0 and \$19,396, as of June 30, 2022 and 2021, respectively.

The Organization generates contract revenue from the United Way of North Carolina for operating the 2-1-1 call center. Contract revenue totaled \$586,110 and \$313,470, for the years ended June 30, 2022 and 2021, respectively. Accounts receivable totaled \$143,241 and \$174,016, as of June 30, 2022 and 2021, respectively.

Note 17 - Coronavirus Pandemic Impact

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused unprecedented business and economic disruption through mandated closings of certain businesses and industries.

Due to government-mandated restrictions and internal safety measures, some of the Organization's fundraising and community school program activities were cancelled or modified during the years ended June 30, 2022 and 2021. The Organization received increased community support and PPP loans as described in Note 10 to offset some of the impacts of these lost revenues.

The extent of the impact of COVID-19 will depend on certain developments, including the duration and spread of the outbreak. At this point, it is unclear the extent COVID-19 will have on the Organization's financial condition or results of operations.

Note 18 - Subsequent Events

Management has evaluated subsequent events through February 15, 2023, which is the date the financial statements were available to be issued.

In February 2023, the Organization received a grant for school-based health centers supporting health and education equity in the amount of \$1,365,895 from Buncombe County utilizing American Rescue Plan Act's Fiscal Recovery Fund.

SUPPLEMENTARY INFORMATION

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

Schedule of Grants to Partner Organizations
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
All Souls Counseling Center	\$ 16,094	\$ 32,188
American Red Cross	5,031	10,061
Big Brothers/Big Sisters of WNC	15,651	31,302
Bountiful Cities	3,067	6,134
CARING for Children, Inc.	15,355	30,709
Children First/Communities in Schools	10,381	20,761
The Council on Aging of Buncombe County	9,468	18,936
Eliada Homes, Inc.	3,144	6,288
Girls on the Run of WNC, Inc.	2,393	4,786
Green Opportunities	10,231	20,462
Haywood Street Congregation	4,509	9,018
Helpmate	22,196	44,391
Homeward Bound of Western North Carolina	26,585	53,170
Housing Authority of the City of Asheville	4,000	8,000
Irene Wortham Center, Inc.	16,663	33,326
Just Economics of Western North Carolina	3,269	6,539
Literacy Council of Buncombe County	4,081	8,161
MANNA Food Bank	5,244	10,489
The Mediation Center	7,696	15,392
MemoryCare	3,300	6,600
Mountain Child Advocacy Center, Inc.	10,170	20,341
Mountain Housing Opportunities, Inc.	4,716	9,432
OnTrack Financial Education & Counseling	20,490	40,979
Our VOICE, Inc.	12,101	24,202
Pisgah Legal Services	34,449	68,898
Read to Succeed of Asheville/Buncombe	3,144	6,288
Verner Center for Early Learning	19,126	38,253
Western North Carolina AIDS Project	4,126	8,252
Western North Carolina Community Health Services	11,007	22,015
YMCA of Western North Carolina	12,243	24,487
YWCA of Asheville	<u>43,850</u>	<u>87,701</u>
 Total	 <u>\$ 363,780</u>	 <u>\$ 727,561</u>

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

Schedule of Building Expenses
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Salaries	\$ 63,882	\$ 64,304
Payroll taxes	4,750	4,864
Employee benefits	14,844	14,777
Contract labor	1,039	
Occupancy and supplies	55,696	54,057
Telephone and technology	7,497	6,608
Travel and conference	3,840	896
Professional fees	123	1,043
Insurance	12,235	6,018
Advertising		435
Property taxes	8,582	9,130
Miscellaneous	<u>427</u>	<u>509</u>
Total building expenses before depreciation and interest	172,915	162,641
Depreciation	37,986	46,920
Interest		<u>163</u>
Total	<u>\$ 210,901</u>	<u>\$ 209,724</u>