

UNITED WAY OF ALAMANCE COUNTY, INC

Burlington, North Carolina

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

Fiscal Year Ended June 30, 2022

With Summarized Comparative Totals for June 30, 2021



UNITED WAY OF ALAMANCE COUNTY, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Alamance County, Inc.
Burlington, North Carolina

We have audited the accompanying financial statements of United Way of Alamance County, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Alamance County, Inc. as of June 30, 2022, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation 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 Alamance County, Inc.'s ability to continue as a going concern within one year after the date of the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing and 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 Alamance 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 Alamance 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.

Report on Supplementary Information

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

Report on Summarized Comparative Information

We have previously audited the United Way of Alamance County, Inc.'s June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 16, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

STOUT STUART MCGOWEN & KINGS LLP

Burlington, North Carolina
February 10, 2023

UNITED WAY OF ALAMANCE COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2022 with Comparative Totals for June 30, 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 185,431	\$ 235,987
Pledges receivable, net	197,032	199,047
Refundable sales tax receivable	2,064	297
Accounts receivable	1,441	-
Funds held by others	204,539	223,413
Prepaid assets	-	627
Property and equipment, net	468,520	479,117
Cash held for others	-	66,899
Beneficial interest in perpetual trust	231,280	268,355
	<u>\$ 1,290,307</u>	<u>\$ 1,473,742</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 12,258	\$ 376
Payroll deductions and accruals	318	400
Donor designations payable	64,998	67,638
Deferred grant income	-	22,500
Funds held for others	-	66,899
	<u>77,574</u>	<u>157,813</u>
Total Liabilities		
Net Assets:		
Without donor restrictions	605,464	814,040
With donor restrictions	607,269	501,889
	<u>1,212,733</u>	<u>1,315,929</u>
Total Net Assets	<u>\$ 1,290,307</u>	<u>\$ 1,473,742</u>

See accompanying notes and independent auditors' report.

UNITED WAY OF ALAMANCE COUNTY, INC.

STATEMENTS OF ACTIVITIES

Fiscal Year Ended June 30, 2022 with Comparative Totals for June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total 2022	Total 2021
Revenue and Support:				
Gross campaign results	\$ -	\$ 755,803	\$ 755,803	\$ 791,496
Less: Donor designations	-	(84,074)	(84,074)	(94,962)
Less: Provision for uncollectible	-	(9,279)	(9,279)	(9,337)
Less: Roll off of 3rd prior year	-	(50,883)	(50,883)	(37,250)
Net Campaign Revenue	-	611,567	611,567	649,947
Other revenue				
Service revenue	-	6,940	6,940	6,218
Investment income (loss)	(30,875)	(37,076)	(67,951)	109,913
Other income (loss)	(3,831)	-	(3,831)	8,682
Grants received	-	287,810	287,810	118,750
In-kind contributions	31,284	-	31,284	25,850
Paycheck Protection Program grant	-	-	-	86,893
Net assets released from restrictions	763,861	(763,861)	-	-
Total Other Revenue	760,439	(506,187)	254,252	356,306
Total Revenue and Support	760,439	105,380	865,819	1,006,253
Expenses:				
Program services:				
Gross agency disbursements	384,085	-	384,085	277,343
Less: Donor designated amounts	(84,074)	-	(84,074)	(94,962)
Net allocation services	300,011	-	300,011	182,381
Community services	345,716	-	345,716	362,328
Total Program Services	645,727	-	645,727	544,709
Support services:				
Management & general	94,732	-	94,732	81,213
Fundraising	228,556	-	228,556	144,634
Total Support Services	323,288	-	323,288	225,847
Total Expenses	969,015	-	969,015	770,556
Change in Net Assets	(208,576)	105,380	(103,196)	235,697
Net Assets, Beginning of Year	814,040	501,889	1,315,929	1,080,232
Net Assets, End of Year	\$ 605,464	\$ 607,269	\$ 1,212,733	\$ 1,315,929

See accompanying notes and independent auditor's report.

UNITED WAY OF ALAMANCE COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Fiscal Year Ended June 30, 2022 with Comparative Totals for June 30, 2021

	Program Services			Supporting Services			Total 2022	Total 2021
	Allocation Services	Community Services	Total	Management and General	Fundraising	Total		
Allocations / Awards	\$ 384,085	\$ -	\$ 384,085	\$ -	\$ -	\$ -	\$ 384,085	\$ 277,343
2-1-1	-	13,088	13,088	-	-	-	13,088	12,463
Less: Donor designations	(84,074)	-	(84,074)	-	-	-	(84,074)	(94,962)
Subtotal	300,011	13,088	313,099	-	-	-	313,099	194,844
Salaries	-	123,616	123,616	54,270	123,616	177,886	301,502	244,817
Payroll taxes	-	9,226	9,226	4,050	9,226	13,276	22,502	18,213
Employee benefits	-	21,303	21,303	9,353	21,303	30,656	51,959	39,119
Subtotal	-	154,145	154,145	67,673	154,145	221,818	375,963	302,149
Bank and credit card fees	-	1,813	1,813	796	1,813	2,609	4,422	4,448
Campaign expenses	-	-	-	-	17,061	17,061	17,061	11,425
Computer equipment and support	-	7,167	7,167	3,146	7,167	10,313	17,480	11,299
Community impact	-	121,133	121,133	-	-	-	121,133	128,968
Conferences, meetings and luncheons	-	3,563	3,563	1,564	3,563	5,127	8,690	984
Depreciation	-	9,786	9,786	4,297	9,786	14,083	23,869	25,710
Insurance - Board of Directors	-	-	-	1,883	-	1,883	1,883	1,287
Marketing and development	-	2,237	2,237	982	2,237	3,219	5,456	9,462
Occupancy costs	-	5,636	5,636	2,474	5,636	8,110	13,746	10,390
Office supplies and postage	-	3,224	3,224	1,415	3,224	4,639	7,863	8,217
Other employee expenses	-	749	749	329	749	1,078	1,827	717
Professional fees	-	10,139	10,139	4,450	10,139	14,589	24,728	22,627
United Way dues	-	6,048	6,048	2,655	6,048	8,703	14,751	22,398
Utilities	-	6,988	6,988	3,068	6,988	10,056	17,044	15,631
Subtotal	-	178,483	178,483	27,059	74,411	101,470	279,953	273,563
Functional Expenses	\$ 300,011	\$ 345,716	\$ 645,727	\$ 94,732	\$ 228,556	\$ 323,288	\$ 969,015	\$ 770,556

See accompanying notes and independent auditors' report.

UNITED WAY OF ALAMANCE COUNTY, INC.

STATEMENTS OF CASH FLOWS

Fiscal Year Ended June 30, 2022 with Comparative Totals for June 30, 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (103,196)	\$ 235,697
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	23,869	25,710
Loss on disposal of fixed assets	3,831	-
Realized and unrealized (gains) and losses	78,260	(116,445)
(Increase) decrease in:		
Accounts receivable	(1,441)	-
Sales tax receivable	(1,767)	455
Pledges receivable, net	2,015	93,472
Prepaid assets	627	10,800
Increase (decrease) in:		
Accounts payable	11,882	(3,377)
Payroll deductions and accruals	(82)	400
Designations	(2,640)	(5,622)
Deferred grant income	(22,500)	22,500
Conditional contributions	-	(86,893)
Net Cash Provided (Used) by Operating Activities	<u>(11,142)</u>	<u>176,697</u>
Cash Flows from Investing Activities:		
Net endowment earnings	(22,311)	(2,149)
Purchases of property and equipment	<u>(17,103)</u>	<u>-</u>
Net Cash Used by Investing Activities	<u>(39,414)</u>	<u>(2,149)</u>
Net Increase (Decrease) in Cash	(50,556)	174,548
Cash and cash equivalents, Beginning of Year	<u>235,987</u>	<u>61,439</u>
Cash and cash equivalents, End of Year	<u>\$ 185,431</u>	<u>\$ 235,987</u>

See accompanying notes and independent auditors' report.

UNITED WAY OF ALAMANCE COUNTY, INC.

Notes to Financial Statements

June 30, 2022

NOTE A: Organization and Purpose:

The mission of the United Way of Alamance County is to radically decrease the number of people living in poverty by advancing social equity practices that promote social mobility and provide opportunities that build a resilient community. We envision a community that comes together to break down barriers, eliminate inequities, and end poverty.

NOTE B: Summary of Significant Accounting Policies:

1) Basis of Presentation:

The financial statements of the Organization have been prepared on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the accounting period in which the revenues are earned regardless of when cash is received and recognizes expenses in the accounting period in which expenses are incurred regardless of when cash is disbursed.

2) Financial Statement Presentation:

The Organization reports information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and are available for use in the Organization’s ongoing operations, including funds designated by the Board of Directors.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions that either expire by passage of time, can be fulfilled and removed by action of the Organization pursuant to those restrictions, and/or upon receipt of funding or passage of date upon which funds were due. This category also includes net assets subject to donor-imposed restrictions that the principal be maintained permanently by the Organization and generally allow the use of investment earnings.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization’s June 30, 2021 financial statements, from which the summarized information was derived.

UNITED WAY OF ALAMANCE COUNTY, INC.

Notes to Financial Statements

June 30, 2022

NOTE B: Summary of Significant Accounting Policies: (continued)

3) Use of Estimates:

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

4) Cash and Cash Equivalents:

For the purpose of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

5) Concentration of Credit Risk:

The Organization maintains its cash in bank deposit amounts at high credit quality financial institutions. The balances, at times, may exceed federally insured credit limits. As of June 30, 2022, no cash deposits exceeded the federally insured limit.

6) Contributions Receivable and Revenues:

Contributions receivables are promises to give from various donors that are considered unconditional that consist of pledges made during the annual giving campaign and are presented net of an allowance of uncollectible accounts. Unconditional promises to give are expected to be collected within one year and recorded at their net realizable value. An allowance is recorded for each campaign year based on management's evaluation of outstanding pledges. Management considers current economic factors, historical trends, and history with specific donors. Actual results could vary from the estimate.

Unconditional contributions are recognized as revenue in the year the commitment or payments is first received. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in 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 transferred to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

7) Donated Goods and Services:

It is the Organization's policy for donated marketable securities to be immediately sold upon receipt of the gift of the security. Donated marketable securities are recorded as contributions at the estimated fair values at the date of donation.

UNITED WAY OF ALAMANCE COUNTY, INC.

Notes to Financial Statements

June 30, 2022

NOTE B: Summary of Significant Accounting Policies: (continued)

7) Donated Goods and Services: (continued)

Donated goods received are reflected at their estimated fair value at the date of receipt. In-kind contributions include \$31,284 and \$25,850, respectively, for the donation of food and a delivery truck for various campaign events and a food drive held during the year.

Donated services are recognized as 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 receives a substantial amount of services donated by volunteers in carrying out the Organization's programs. No amounts are reflected in the financial statements for those services since they do not meet the criteria for recognition.

8) Donated Airtime:

United Way Worldwide (UWW) maintains relationships with the National Football League (NFL), the Ad Council, and other organizations on behalf of local United Ways. UWW underwrites the cost to produce Public Service Announcements that promote education, financial stability, and healthy living that features individuals who are involved in various local United Way community volunteer activities. The NFL, the Ad Council, and other organizations furnish the media space (television and radio airtime, newspaper and magazine print space, billboards, etc.) throughout the year at no cost to United Way. Management has elected to disclose an allocation of airtime based on a multiplication factor of annual dues. This factor is provided to local United Ways by UWW for application to the prior year's accounting. The allocated value of the donated media was estimated to be \$8,425 and \$13,292 for the years ended June 30, 2022 and 2021, respectively. The Organization has elected not to record the value of these relationships on the financial statements.

9) Donor Designations Payable:

Donor designations payable represents donor contributions directed to agencies and other United Ways accrued, but not yet paid, as of June 30, 2022 and 2021. The United Way reports donor designated contributions as agent transactions rather than as unconditional contributions in conformity with generally accepted accounting principles. Funds disbursed to nonprofit organizations are listed in the supplemental schedule of allocations and designations, broken down by amounts designated by the donor or allocated by the designated Organization.

UNITED WAY OF ALAMANCE COUNTY, INC.

Notes to Financial Statements

June 30, 2022

NOTE B: Summary of Significant Accounting Policies: (continued)

10) Fair Value Measurements:

U.S. GAAP established a fair value hierarchy that prioritizes the inputs to valuation techniques to measure fair value. Fair value is defined as the exchange value that would be received on the measurement date to sell an asset or to value the amount paid to transfer a liability in the principal or most advantageous market available to the entity in an orderly transaction between market participants. The three levels of the fair value hierarchy are described as follows:

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 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 assets or liabilities;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

11) Property and Equipment:

The Organization capitalizes all expenditures for property and equipment in excess of \$1,000 and/or with a useful life of 5 years or more. Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair value at the date of the donation. Maintenance, repairs, and minor renewals are expensed as incurred. Property retired or sold and the related accumulated depreciation are removed from the accounts and gain or loss is taken into income.

UNITED WAY OF ALAMANCE COUNTY, INC.

Notes to Financial Statements

June 30, 2022

NOTE B: Summary of Significant Accounting Policies: (continued)

12) Income Taxes:

The United Way is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes are included in the financial statements of the United Way. The United Way is also exempt from local property taxes.

United Way performs an annual assessment for any uncertainty in income tax positions which include an analysis of whether there are any tax positions related to unrelated business income or other activities that may jeopardize their tax exempt status and thus meet the criteria of an uncertain tax position. No tax liability accrual has been recorded as of the years ended June 30, 2022 and 2021 relating to material uncertain positions taken, as Management believes there are none. Generally, the Internal Revenue Service may examine a tax return for three years from the date the return is filed. At June 30, 2022, the tax years ended June 30, 2021, 2020, and 2019 remain open for possible examination by the IRS.

13) Functional Expenses:

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Certain costs have been allocated among the programs and supporting services benefited based on estimates of time and effort utilized.

NOTE C: Pledges Receivable:

Unconditional promises to give at June 30, 2022 and 2021, consist of the following:

	<u>2022</u>	<u>2021</u>
Receivables due in less than one year	\$ 257,194	\$ 241,283
Allowance for uncollectible	<u>(60,162)</u>	<u>(42,236)</u>
Net unconditional promises to give	<u>\$ 197,032</u>	<u>\$ 199,047</u>

NOTE D: Property and Equipment:

Depreciation of furniture, fixtures, and equipment is computed using the straight-line method of depreciation for assets acquired in 1987 and before and MACRS for assets acquired in 1988 and thereafter. Purchased equipment is recorded at cost. Depreciation expense totaled \$23,869 and \$25,710 for the years ended June 30, 2022 and 2021, respectively.

UNITED WAY OF ALAMANCE COUNTY, INC.

Notes to Financial Statements

June 30, 2022

NOTE D: Property and Equipment: (continued)

Property and equipment consisted of the following as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Computer software	\$ 0	\$ 23,877
Furniture and fixtures	84,659	95,774
Equipment	15,795	6,183
Building	<u>504,041</u>	<u>497,713</u>
	604,495	623,547
Less: Accumulated depreciation	<u>(135,975)</u>	<u>(144,430)</u>
Property and equipment, net	<u>\$ 468,520</u>	<u>\$ 479,117</u>

NOTE E: Funds Held by Others:

The Organization established accounts with the Alamance Community Foundation, formerly an affiliate of the Community Foundation of Greater Greensboro, in 2008 and 2009 for quasi-endowment purposes and designated itself as the beneficiary. Accordingly, the fair value of the funds is recorded as “Funds held by others” on the Statement of Financial Position. The fair value of the funds was \$204,539 and \$223,413 as of June 30, 2022 and 2021, respectively.

The fair value of the funds was confirmed by the Alamance Community Foundation based on units of the master investment pool applicable to the Organization’s pro-rata portion, and represented to be based on quoted active market prices; however, funds held by a community foundation under the arrangement described above are all considered to be within the Level 2 of the fair value hierarchy.

An annual distribution of earnings is to be calculated on the basis of a total return principle as the average fair market value of the fund established annually by the Board, based on the fair market value of the fund for the last day of each of the preceding twelve (12) calendar quarters. No distributions will be made in excess of a percentage equal to the trailing consumer price index as of the end of the immediately preceding calendar quarter plus five percent (5%), except as authorized below.

It is the intent of the Organization to preserve as much of the principal of the fund as possible, while maintaining the flexibility of the Organization to utilize the principal in an extraordinary situation in order to fulfill its mission. Principal is defined as the value of the funds in dollars obtained by contribution to the fund at the time it was made, and as such value is determined in good faith by the Finance Committee. In extraordinary circumstances,

UNITED WAY OF ALAMANCE COUNTY, INC.

Notes to Financial Statements

June 30, 2022

NOTE E: Funds Held by Others: (continued)

the full Board of Directors, upon recommendation from the Finance Committee or Executive Committee, may approve distribution to the Organization in excess of the Maximum Annual Distribution (as defined above), which may include part or all of such principal, only upon a vote of the two-thirds (2/3) of the Board present at a duly called meeting of such Board. If so approved, the principal may be distributed in the form of a loan or grant.

Composition of and changes in quasi-endowments for the period ended June 30, 2022, are as follows:

	<u>Facilities</u>	<u>General</u>
Quasi-endowment net assets, July 1, 2021	\$ 125,066	\$ 98,347
Investment income	4,031	3,170
Unrealized losses	(19,903)	(15,651)
Contributions	0	12,000
Administrative and investment fees	<u>(1,407)</u>	<u>(1,114)</u>
Quasi-endowment net assets, June 30, 2022	<u>\$ 107,787</u>	<u>\$ 96,752</u>

Note F: Beneficial Interest in a Perpetual Trust:

United Way of Alamance County, Inc. is the recipient of income earned on a trust established in 1996 when the Burlington Merchants Association dissolved. The Alamance Community Foundation, formerly an affiliate of the Community Foundation of Greater Greensboro, serving as trustee, distributes the earnings annually to the United Way of Alamance County, Inc. to be used for operating expenses. During the fiscal year ended June 30, 2022, the Organization received \$8,506 which is includable in other revenue. United Way of Alamance County, Inc. has the irrevocable right to receive the income earned on trust assets in perpetuity, but not the trust assets which are controlled by the trustee. The fair value of the trust of \$211,737 is reported in the financial statements as net assets with donor restrictions at June 30, 2022. The trust assets are considered to be within the Level 2 of the fair value hierarchy. Changes in the beneficial interest in a perpetual trust for the period ended June 30, 2022, are as follows:

Beneficial interest in a perpetual trust, July 1, 2021	\$ 268,355
Investment income	8,650
Unrealized losses	(42,706)
Administrative and investment fees	<u>(3,019)</u>
Beneficial interest in a perpetual trust, June 30, 2022	<u>\$ 231,280</u>

UNITED WAY OF ALAMANCE COUNTY, INC.

Notes to Financial Statements

June 30, 2022

Note G: Short-Term Borrowings:

The Organization entered into a \$100,000 unsecured revolving line of credit agreement with Pinnacle Bank on June 4, 2018. The line of credit is to be used for short-term cash flow needs. Interest is computed and payable monthly based on a variable rate of interest. The interest rate was 5.00% and 5.00% at June 30, 2022 and 2021, respectively. The line of credit matures June 8, 2028. The outstanding balances were \$0 and \$0 for the years ended June 30, 2022 and 2021, respectively.

Note H: Payroll Protection Program (PPP) Funding:

The Organization received \$86,893 from the Small Business Administration's Paycheck Protection Program ("PPP") on April 12, 2020 from Pinnacle Bank. The Organization elected to treat the loan as a conditional contribution for the year ended June 30, 2021. If the loan is forgiven the debt forgiveness will be treated as an unrestricted contribution. If the loan, or any portion of the loan, is not forgiven, the unforgiven amount would be payable in eighteen monthly payments of principal and interest and would mature on April 12, 2022. Interest is computed at one percent per annum.

On April 9, 2021 the Organization received a Notice of PPP Forgiveness Payment from the Small Business Administration notifying the Organization that the PPP loan had been forgiven in full. Accordingly, the Organization recorded the total amount, \$86,893, as an unrestricted contribution in the statement of activities for the year ended June 30, 2021.

Note I: Funds Held for Others:

The Organization held disaster relief funds for another organization of \$0 and \$66,899 as of June 30, 2022 and 2021, respectively. These transactions are recognized as changes in assets and liabilities and do not affect the statement of activities.

Note J: Net Assets without Donor Restrictions:

The Board of Directors has designated certain funds to be used for programs that are designed to promote the mission of the Organization which are included in net assets without donor restrictions.

UNITED WAY OF ALAMANCE COUNTY, INC.

Notes to Financial Statements

June 30, 2022

Note J: Net Assets without Donor Restrictions: (continued)

Net assets without donor restrictions designated by the Board of Directors for special purposes are as follows as of June 30:

	<u>2022</u>	<u>2021</u>
Board designated quasi-endowment funds:		
For general and administrative expenses	\$ 96,752	\$ 98,347
For facilities expense	<u>107,787</u>	<u>125,066</u>
Total Board designated quasi-endowment funds	204,539	223,413
Undesignated net assets	<u>400,925</u>	<u>590,627</u>
 Total Net Assets without Donor Restrictions	 <u>\$ 605,464</u>	 <u>\$ 814,040</u>

Note K: Net Assets with Donor Restrictions:

Net assets with donor restrictions are restricted for the following purposes or periods for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Restricted by time	\$ 375,989	\$ 233,534
Beneficial interest in perpetual trust	<u>231,280</u>	<u>268,355</u>
 Total Net Assets with Donor Restrictions	 <u>\$ 607,269</u>	 <u>\$ 501,899</u>

Note L: Liquidity and Available Resources:

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

Cash and cash equivalents	\$ 185,430
Contributions receivable, net	198,473
Sales tax receivable	2,064
Funds held by others	<u>204,539</u>
Total financial assets available within one year	<u>590,456</u>
 Less:	
Amounts due within one year:	
Accounts payable and accrued expenses	(12,576)
Designations payable	<u>(64,998)</u>
Total amounts due within one year	<u>(77,574)</u>
 Total Financial Assets Available Within One Year	 <u>\$ 512,882</u>

UNITED WAY OF ALAMANCE COUNTY, INC.

Notes to Financial Statements

June 30, 2022

Note L: Liquidity and Available Resources: (continued)

To help manage unanticipated liquidity needs, the Organization has a committed line of credit of \$100,000, which it could draw upon (Note G).

Note M: Pension Plan:

The Organization maintains a defined contribution pension plan for the benefit of all employees who have attained the age of twenty-one and completed one year of service. The plan provides for the Organization to contribute 2.50% of the employee's eligible compensation. Contributions to the pension plan by the Organization were \$5,603 and \$5,423 for the fiscal years ended June 30, 2022 and 2021, respectively.

Note N: Rentals Under Operating Leases:

In December 2017, the Organization entered into an operating agreement for two copiers and two pure water systems. The lease is for 60 months and expires December 2022. The lease expenses are included in Computer Equipment and Support in the Statement of Functional Expenses. Total lease expense for the year was \$7,782. The following is a schedule of future minimum rental payments required under operating leases that have remaining noncancelable lease terms in excess of one year as of June 30, 2022:

Year Ending <u>June 30,</u> 2023	<u>Amount</u>
	\$ 2,986

Note O: Subsequent Events:

Management has evaluated subsequent events through the date of the Independent Auditor's Report, February 10, 2023, the date the financial statements were available to be issued.

The Organization has been awarded grant funding from the United Way of North Carolina. The grant funds are to be used to increase health insurance and public benefit enrollment rates in Alamance County. The total grant funding of \$200,000 is to be disbursed over a 24-month period beginning in July 2022.

The Organization has been awarded a grant to fund the Housing Specialist position that is to be the central point of contact with various local agencies promoting affordable housing. The total grant is \$270,000 being paid over a three-year period. The first installment of the grant was received in February 2022.

SUPPLEMENTARY INFORMATION

UNITED WAY OF ALAMANCE COUNTY, INC.

SCHEDULE OF ALLOCATIONS AND DESIGNATIONS

Fiscal Year Ended June 30, 2022 with Comparative Totals for June 30, 2021

	Allocation Services	Donor Designations	2022 Allocation/ Awards	2021 Allocation/ Awards
ACC-Academic & Career Readiness	\$ 25,318	\$ 682	\$ 26,000	\$ 21,000
Alamance County Community YMCA	6,408	1,716	8,124	9,500
Alamance County Meals on Wheels	16,739	9,763	26,502	16,500
Alamance Partnership for Children	12,586	2,414	15,000	9,750
Allied Churches of Alamance County, Inc.	14,956	10,546	25,502	18,750
BJWC	-	-	-	5,112
Burlington Development Corporation	21,876	-	21,876	13,125
Catholic Charities of the Diocese of Raleigh, Inc.	12,208	1,540	13,748	6,750
CCCS - Family Services of the Piedmont	7,502	-	7,502	5,000
Children's Home Society / Wise Guys	9,002	-	9,002	5,500
CityGate Dream Center	24,536	468	25,004	10,000
Crossroads: Sexual Assault Response & Resource Center	5,619	6,377	11,996	6,750
Elon Academy	11,122	3,880	15,002	7,750
Family Abuse Services of Alamance County, Inc.	18,634	3,370	22,004	16,750
Legal Aid of NC	-	-	-	2,500
Medication Management Clinic (formerly AlaMaP)	10,889	3,111	14,000	7,750
Open Door Clinic of Alamance County	12,226	2,770	14,996	9,500
Piedmont Health Services-Burlington Community Health Center	12,744	260	13,004	7,750
Residential Treatment Services of Alamance, Inc.	-	-	-	3,179
The Exchange Club & Family Center in Alamance	-	-	-	3,200
The Salvation Army of Alamance County	-	-	-	4,000
The Salvation Army Boys and Girls Club of Alamance County	24,072	3,932	28,004	22,750
Southern Alamance Family Empowerment	20,000	-	20,000	7,500
Women's Resource Center in Alamance County	26,072	5,478	31,550	23,525
Young Musicians of Alamance	7,502	-	7,502	-
Other United Ways	-	1,736	1,736	1,698
All other designations	-	26,031	26,031	31,754
Totals	<u>\$ 300,011</u>	<u>\$ 84,074</u>	<u>\$ 384,085</u>	<u>\$ 277,343</u>