

UNITED WAY OF IREDELL COUNTY, INC.
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
For the Years Ended June 30, 2022 and 2021

UNITED WAY OF IREDELL COUNTY, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
United Way of Iredell County, Inc.

Opinion

We have audited the accompanying financial statements of United Way of Iredell 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 Iredell 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 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 North American Transmission Forum, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are no conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Iredell 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United Way of Iredell 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 Iredell 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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 18 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.

Potts, Steele & White, P.A.

Statesville, North Carolina

January 13, 2023

UNITED WAY OF IREDELL COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

| | 2022 | 2021 |
|--|--------------|--------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 119,202 | \$ 210,939 |
| Accounts receivable | 13,255 | 55,282 |
| Pledges receivable, net | 316,724 | 392,831 |
| Investments | 1,072 | 1,278 |
| Beneficial interest in assets held by Foundation | 3,021,469 | 3,586,880 |
| Prepaid expenses | 5,345 | 4,772 |
| Property and equipment, net | 329,219 | 331,535 |
| Cash surrender value of life insurance | 52,543 | 23,892 |
| Other assets | 5,304 | 2,013 |
| TOTAL ASSETS | \$ 3,864,133 | \$ 4,609,422 |
| LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 18,174 | \$ 12,184 |
| Agency allocations payable | 406,670 | 356,170 |
| Deferred rent revenue | 6,591 | |
| Designated pledges payable | 13,648 | 8,341 |
| TOTAL LIABILITIES | 445,083 | 376,695 |
| NET ASSETS | | |
| Without donor restrictions | | |
| Undesignated | (367,188) | (163,415) |
| Designated by the board for endowment purposes | 3,021,469 | 3,586,880 |
| Designated by the board for building | 68,021 | 78,339 |
| With donor restrictions | 696,748 | 730,923 |
| TOTAL NET ASSETS | 3,419,050 | 4,232,727 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 3,864,133 | \$ 4,609,422 |

See accompanying notes.

UNITED WAY OF IREDELL COUNTY, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

| | <u>Net assets without donor restrictions</u> | <u>Net assets with donor restrictions</u> | <u>Total</u> |
|---|--|---|---------------------|
| Public support and revenue: | | | |
| Contributions | \$ 36,292 | \$ 607,471 | \$ 643,763 |
| Less designated pledges | | (13,648) | (13,648) |
| Less provision for uncollectibles | | (36,481) | (36,481) |
| | <u>36,292</u> | <u>557,342</u> | <u>593,634</u> |
| TOTAL PUBLIC SUPPORT | 36,292 | 557,342 | 593,634 |
| Other revenue: | | | |
| Investment income | 528 | | 528 |
| Admin fee revenue | 3,676 | | 3,676 |
| Net realized and unrealized gain (loss) on investments | (502,466) | | (502,466) |
| Construction easement income | 4,000 | | 4,000 |
| Sales tax refunds & expense reimbursements | 4,481 | | 4,481 |
| Gain (loss) on disposal of property and equipment | (924) | | (924) |
| Rent income | 64,864 | | 64,864 |
| | <u>(425,841)</u> | <u>557,342</u> | <u>(425,841)</u> |
| TOTAL OTHER REVENUE | (425,841) | 557,342 | 167,793 |
| TOTAL REVENUE AND SUPPORT | (389,549) | 557,342 | 167,793 |
| NET ASSETS RELEASED FROM TIME RESTRICTIONS | <u>591,517</u> | <u>(591,517)</u> | <u>167,793</u> |
| TOTAL SUPPORT, REVENUE AND RECLASSIFICATION | 201,968 | (34,175) | 167,793 |
| Expenses: | | | |
| Program services | 736,453 | | 736,453 |
| Supporting services: | | | |
| Management and general | 100,210 | | 100,210 |
| Fundraising | 144,807 | | 144,807 |
| | <u>981,470</u> | <u>981,470</u> | <u>981,470</u> |
| TOTAL EXPENSES | 981,470 | 981,470 | 981,470 |
| INCREASE (DECREASE) IN NET ASSETS | (779,502) | (34,175) | (813,677) |
| NET ASSETS AT BEGINNING OF YEAR | <u>3,501,804</u> | <u>730,923</u> | <u>4,232,727</u> |
| NET ASSETS AT END OF YEAR | <u>\$ 2,722,302</u> | <u>\$ 696,748</u> | <u>\$ 3,419,050</u> |

See accompanying notes.

UNITED WAY OF IREDELL COUNTY, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

| | <u>Net assets without donor restrictions</u> | <u>Net assets with donor restrictions</u> | <u>Total</u> |
|---|--|---|---------------------|
| Public support and revenue: | | | |
| Contributions | \$ 91,356 | \$ 598,436 | \$ 689,792 |
| Grant revenue | 339,301 | | 339,301 |
| Less designated pledges | | (8,341) | (8,341) |
| Less provision for uncollectibles | | (45,258) | (45,258) |
| TOTAL PUBLIC SUPPORT | <u>430,657</u> | <u>544,837</u> | <u>975,494</u> |
| Other revenue: | | | |
| Investment income | 2 | | 2 |
| Net realized and unrealized gain (loss) on investments | 799,589 | | 799,589 |
| Expense reimbursement | 2,833 | | 2,833 |
| Sales and income tax refunds | 385 | | 385 |
| Rent income | 64,864 | | 64,864 |
| TOTAL OTHER REVENUE | <u>867,673</u> | | <u>867,673</u> |
| TOTAL REVENUE AND SUPPORT | 1,298,330 | 544,837 | 1,843,167 |
| NET ASSETS RELEASED FROM TIME RESTRICTIONS | <u>740,162</u> | <u>(740,162)</u> | |
| TOTAL SUPPORT, REVENUE AND RECLASSIFICATION | 2,038,492 | (195,325) | 1,843,167 |
| Expenses: | | | |
| Program services | 1,013,785 | | 1,013,785 |
| Supporting services: | | | |
| Management and general | 73,701 | | 73,701 |
| Fundraising | 127,644 | | 127,644 |
| TOTAL EXPENSES | <u>1,215,130</u> | | <u>1,215,130</u> |
| INCREASE (DECREASE) IN NET ASSETS | 823,362 | (195,325) | 628,037 |
| NET ASSETS AT BEGINNING OF YEAR | <u>2,678,442</u> | <u>926,248</u> | <u>3,604,690</u> |
| NET ASSETS AT END OF YEAR | <u>\$ 3,501,804</u> | <u>\$ 730,923</u> | <u>\$ 4,232,727</u> |

See accompanying notes.

UNITED WAY OF IREDELL COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2022

| | Program Services | Supporting Services | | Total |
|---------------------------------------|---------------------|---------------------------|-------------|------------|
| | | Management and General | Fundraising | |
| Salaries | \$ 78,980 | \$ 49,642 | \$ 77,857 | \$ 206,479 |
| Employee benefits | 2,152 | 1,395 | 1,773 | 5,320 |
| Payroll taxes | 6,008 | 3,813 | 5,975 | 15,796 |
| | | | | |
| Total personnel expenses | 87,140 | 54,850 | 85,605 | 227,595 |
| | | | | |
| Grant awards | 575,914 | | | 575,914 |
| Mileage | 668 | 433 | 550 | 1,651 |
| Occupancy | 12,199 | 7,907 | 10,054 | 30,160 |
| Repairs and maintenance | 2,958 | 1,918 | 2,438 | 7,314 |
| Audit and accounting | | 20,500 | | 20,500 |
| Office supplies | 1,417 | 918 | 1,168 | 3,503 |
| Campaign supplies | 3,309 | | 9,928 | 13,237 |
| Dues and memberships | 392 | 254 | 550 | 1,196 |
| Computer and internet expense | 5,347 | 3,466 | 4,407 | 13,220 |
| Copier lease and supplies | 1,666 | 1,080 | 1,373 | 4,119 |
| Telephone | 956 | 620 | 787 | 2,363 |
| Meeting expense | 2,000 | 733 | 734 | 3,467 |
| Postage | 527 | 341 | 434 | 1,302 |
| Insurance and bond | 1,445 | 936 | 4,088 | 6,469 |
| Miscellaneous | 1,975 | 1,280 | 1,627 | 4,882 |
| Bank charges | 1,152 | 746 | 949 | 2,847 |
| Marketing | 9,326 | 327 | 407 | 10,060 |
| 211 expense | 2,520 | | | 2,520 |
| N.C. United Way | 1,207 | | 804 | 2,011 |
| United Way Worldwide | 17,249 | | 11,500 | 28,749 |
| Special event expense | 205 | | 2,444 | 2,649 |
| Other planned giving | 862 | | | 862 |
| | | | | |
| Total expenses before depreciation | 643,294 | 41,459 | 54,242 | 738,995 |
| | | | | |
| Depreciation | 6,019 | 3,901 | 4,960 | 14,880 |
| | | | | |
| Total expenses | \$ 736,453 | \$ 100,210 | \$ 144,807 | \$ 981,470 |

See accompanying notes.

UNITED WAY OF IREDELL COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2021

| | Program Services | Supporting Services | | Total |
|---------------------------------------|---------------------|---------------------------|-------------|--------------|
| | | Management and General | Fundraising | |
| Salaries | \$ 41,578 | \$ 32,715 | \$ 62,600 | \$ 136,893 |
| Employee benefits | 1,683 | 1,324 | 2,053 | 5,060 |
| Payroll taxes | 4,724 | 3,717 | 5,762 | 14,203 |
| | | | | |
| Total personnel expenses | 47,985 | 37,756 | 70,415 | 156,156 |
| | | | | |
| Grant awards | 919,899 | | | 919,899 |
| Mileage | 57 | 45 | 69 | 171 |
| Occupancy | 5,723 | 4,503 | 6,981 | 17,207 |
| Repairs and maintenance | 133 | 105 | 162 | 400 |
| Audit and accounting | | 20,000 | | 20,000 |
| Office supplies | 660 | 519 | 804 | 1,983 |
| Campaign supplies | 2,093 | | 6,280 | 8,373 |
| Dues and memberships | 145 | 114 | 380 | 639 |
| Computer and internet expense | 2,542 | 2,000 | 3,101 | 7,643 |
| Copier lease and supplies | 1,044 | 822 | 1,274 | 3,140 |
| Telephone | 648 | 510 | 790 | 1,948 |
| Meeting expense | 149 | | | 149 |
| Postage | 496 | 390 | 605 | 1,491 |
| Insurance and bond | 1,442 | 1,135 | 19,396 | 21,973 |
| Miscellaneous | 664 | 701 | 810 | 2,175 |
| Bank charges | 757 | 596 | 924 | 2,277 |
| Marketing | 495 | 247 | 1,751 | 2,493 |
| 211 expense | 2,196 | | | 2,196 |
| N.C. United Way | 1,138 | | 759 | 1,897 |
| United Way Worldwide | 9,337 | | 6,224 | 15,561 |
| Special event expense | 10,737 | | | 10,737 |
| Other planned giving | 35 | | 319 | 354 |
| Professional development | 673 | 530 | 822 | 2,025 |
| | | | | |
| Total expenses before depreciation | 961,063 | 32,217 | 51,451 | 1,044,731 |
| | | | | |
| Depreciation | 4,737 | 3,728 | 5,778 | 14,243 |
| | | | | |
| Total expenses | \$ 1,013,785 | \$ 73,701 | \$ 127,644 | \$ 1,215,130 |

See accompanying notes.

UNITED WAY OF IREDELL COUNTY, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2022 and 2021

| | 2022 | 2021 |
|---|--------------|------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Increase (decrease) in net assets | \$ (813,677) | \$ 628,037 |
| Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities: | | |
| Depreciation | 14,880 | 14,243 |
| Reinvested investment income | (92) | (186) |
| Net realized and unrealized (gain) loss on investments | 502,466 | (799,589) |
| (Gain) loss on disposal of property and equipment | 924 | |
| Forgiveness of Payroll Protection Program loan | | (39,301) |
| (Increase) decrease in operating assets: | | |
| Accounts receivable | 42,027 | (42,866) |
| Pledges receivable | 76,107 | 158,990 |
| Prepaid expenses | (573) | (661) |
| Cash value of life insurance | (28,651) | (13,911) |
| Other assets | (3,291) | (250) |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable and accrued expenses | 5,990 | 7,464 |
| Agency allocations payable | 50,500 | 265,557 |
| Deferred revenue | 6,591 | |
| Designated pledges payable | 5,307 | (4,408) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | (141,492) | 173,119 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of securities | (110,495) | (229,886) |
| Purchases of property and equipment | (13,488) | |
| Proceeds from endowment | 173,738 | 97,112 |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | 49,755 | (132,774) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from Payroll Protection Program loan | | 39,301 |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | | 39,301 |
| NET INCREASE (DECREASE) IN CASH | (91,737) | 79,646 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 210,939 | 131,293 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$ 119,202 | \$ 210,939 |
| SUPPLEMENTAL DISCLOSURE | | |
| Interest paid | \$ 0 | \$ 0 |

See accompanying notes.

UNITED WAY OF IREDELL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

United Way of Iredell County, Inc. (the Organization) is a nonprofit organization organized in 1954 in the state of North Carolina. The Organization is dedicated to enriching the quality of life by uniting citizens and agencies in a community-wide effort to plan, support, deliver and monitor effective health and human care services responsive to community needs. The Organization serves the Statesville, Troutman, and northern Iredell County areas. During the current fiscal year, United Way of Central Carolinas approved to transfer the southern Iredell County area to the Organization to add to their service area.

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

The governing board has designated, from net assets without donor restrictions, net assets for a building fund and a board-designated endowment.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Pledges designated to specific member agencies are recorded as a liability (designated pledges payable) on the Statements of Financial Position and undesignated pledges are recognized as support on the Statement of Activities.

UNITED WAY OF IREDELL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Program Services

The Organization supports the education, income, and health of individuals across the service area by mobilizing volunteer, in-kind, and financial resources; actively engaging in community planning and dialogue around these issues sharing information about the resources available; and building organizational capacity in the sector by providing oversight, training, and collaborative opportunities for local nonprofits.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization's management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates include allowances for doubtful accounts, depreciable lives of property and equipment, imputed rates to discount promises to give and allocation of expenses by function.

Accounts and Pledges Receivable

Accounts and pledges receivable are stated at the amount the Organization expects to collect from outstanding balances. The Organization uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Investments

Investment presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC). The ASC defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The ASC requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. It establishes a fair value hierarchy which prioritizes the valuation inputs into three broad levels. Level 1 inputs consist of quoted prices in active markets for identical assets. Level 2 inputs include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets where there is not sufficient activity, and/or where price quotations vary substantially either over time or among market makes, or in which little information is released publicly. Level 2 inputs other than quoted prices include: commonly quoted interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks, default rates, and inputs that are derived principally from market data. Level 3 inputs are unobservable and generally rely on market experience and expertise to assess the level of activity of a market on a measurement date relative to observable inputs and their quality.

UNITED WAY OF IREDELL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment purchased by the Organization is stated at cost and donated items are stated at fair market value at date of donation. It is the Organization's policy to capitalize property and equipment in excess of \$500. Repairs and maintenance are charged to expense as incurred. When property and equipment is sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income. Depreciation is computed on the straight-line method based on the estimated useful lives of 5 to 40 years. Depreciation expense for the years ended June 30, 2022 and 2021 was \$14,880 and \$14,243, respectively.

Endowment Funds

The Organization's net assets without donor restrictions include a board designated endowment fund. This fund is held in a pooled investment fund with the Foundation for the Carolinas (see Note F). As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has adopted investment and spending policies, approved by the Board of Directors, that are in line with the Foundation for the Carolinas' policies. Investment objectives include meeting realistic income requirements, providing growth in principal that will support a continuing increase in income, and maintain or increase total principal purchasing power after inflation over the long-term.

The spending policy calculates the amount of money distributed annually from the Organization's endowed fund, for grant making and maintenance of the investment with the Foundation for the Carolinas. Currently, the spendable amount is 5% of the average balance using the previous three calendar years. All withdrawals from the Endowment must be authorized by the Board of Directors.

Donated Services

The value of donated services is not reflected in the financial statements since there is no objective basis available by which to measure the value of such services. However, many individuals volunteer their time to assist in the fundraising campaign.

Support and Revenue Recognition

Revenue is recognized when earned. Payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed; or expenditures are incurred, respectively. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

UNITED WAY OF IREDELL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Support and Revenue Recognition (continued)

The Organization receives grants and pledges from other United Ways, businesses and foundations, as well as the community at large.

Revenue with and without Donor Restrictions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are charged directly to program or management and general categories based on specific identification. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. Indirect expenses have been allocated based on analysis of personnel time, resources, or services utilized for the related activity. Although the methods of allocation used are considered reasonable and appropriate, other methods could be used that would produce different results.

Investment Income and Gains

Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Income Taxes

United Way of Iredell County, Inc. is an organization exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

UNITED WAY OF IREDELL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes (continued)

The Organization may recognize the tax benefit from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The Organization has analyzed its tax positions taken for filings with the Internal Revenue Service. The Organization believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations, or cash flows.

The Organization's federal return of organization exempt from income tax (Form 990) for the years ended June 30, 2020 through June 30, 2022 are subject to examination by the IRS, generally for three years after they are filed.

NOTE B - CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

NOTE C - PLEDGES RECEIVABLE

An analysis of pledges receivable at June 30, 2022 and 2021 is as follows:

| | <u>2022</u> | <u>2021</u> |
|---------------------------------------|-------------------|-------------------|
| Receivable in less than one year: | | |
| Pledges for current year campaign | \$ 204,896 | \$ 169,747 |
| Other pledges | 87,706 | 104,546 |
| Receivable in one to five years | 65,700 | 169,029 |
| Total pledges receivable | <u>\$ 358,302</u> | <u>\$ 443,322</u> |
| Less discounts to present value at 5% | 6,000 | 20,000 |
| Less allowance for uncollectible | 35,578 | 30,491 |
| Pledges receivable, net | <u>\$ 316,724</u> | <u>\$ 392,831</u> |

NOTE D - INVESTMENTS

Investments are stated at fair value and are summarized as follows as of June 30, 2022 and 2021:

| | <u>Market</u> | |
|---|---------------------|---------------------|
| | <u>2022</u> | <u>2021</u> |
| Mutual fund (Level 1) | \$ 1,072 | \$ 1,278 |
| Beneficial interest in assets held by Foundation (Level 3) | 3,021,469 | 3,586,880 |
| | <u>\$ 3,022,541</u> | <u>\$ 3,588,158</u> |

UNITED WAY OF IREDELL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE E - PROPERTY AND EQUIPMENT

An analysis of property and equipment at June 30, 2022 and 2021 is as follows:

| | 2022 | 2021 |
|-------------------------------|------------|------------|
| Land | \$ 56,862 | \$ 56,862 |
| Buildings and improvements | 563,161 | 557,451 |
| Furniture and fixtures | 6,854 | 12,853 |
| Computer equipment | 12,004 | 4,227 |
| Total property and equipment | 638,881 | 631,393 |
| Less accumulated depreciation | 309,662 | 299,858 |
| Property and equipment, net | \$ 329,219 | \$ 331,535 |

NOTE F - FAIR VALUE MEASUREMENTS

The Board established a board designated endowment ("quasi-endowment") which is held by the Foundation for the Carolinas (consistent with Note A). The Organization has also designated itself the beneficiary. The fair value of the beneficial interest is based on units of the master investment pool applicable to the Organization's pro-rata portion. The fair value measurement of the investment with Foundation for the Carolinas uses significant unobservable inputs (Level 3) and is measured at fair value on a recurring basis.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

| | 2022 | 2021 |
|--|--------------|--------------|
| Balance at beginning of year | \$ 3,586,880 | \$ 2,654,631 |
| Purchases/contributions | 110,495 | 229,886 |
| Management fees | (23,170) | (20,087) |
| Withdrawals | (173,738) | (97,112) |
| Total gains and losses (realized and unrealized) | (478,998) | 819,562 |
| Balance at year end | \$ 3,021,469 | \$ 3,586,880 |

Total gains and losses (realized and unrealized) are netted against management fees and included in the Statement of Activities as net realized and unrealized gain (loss) on investments for the years ended June 30, 2022 and 2021. All assets have been valued using a market approach. There have been no changes in valuation techniques and related inputs.

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of June 30, 2022 and 2021:

| | 2022 | 2021 |
|------------------------|------------|------------|
| For subsequent periods | \$ 696,748 | \$ 730,923 |

UNITED WAY OF IREDELL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE H - AGENCY ALLOCATIONS

Agency allocations payable represents program funding amounts due to United Way funded agencies as approved and committed, but not yet paid, as June 30. Funded agencies receiving program funding from the Organization undergo staff and volunteer pre-screening before being awarded funding. Available funds for funded agency program funding are determined by the amount of designated gifts and the allocation of undesignated contributions after allowing for anticipated uncollectible pledges and operating costs.

NOTE I - PAYROLL PROTECTION PROGRAM (PPP)

The Organization received a \$39,301 PPP loan granted by the SBA under the CARES Act. The Organization considered the PPP loan to be a conditional contribution, with a right of return in the form of an obligation to be repaid if a barrier to entitlement is not met. The barrier is that PPP loan funds must be used to maintain compensation costs/employee headcount and other qualifying expenses incurred following receipt of the funds. The Organization recognized the amount received as grant revenue during the year ended June 30, 2021 as qualified expenses were incurred and the barrier to entitlement had been met. At the time of the issuance of the financial statements, a proper application for forgiveness had been made and notice of forgiveness had been received.

NOTE J - EMPLOYEE BENEFIT PLAN

Effective January 1, 2019, the Organization sponsors a Simple IRA plan (the Plan) covering all employees who agree to make contributions to the Plan. The Organization makes a 3% matching contribution to the Plan. Total expense for the years ended June 30, 2022 and 2021 was \$5,320 and \$5,060, respectively.

NOTE K - OPERATING LEASES

The Organization, as lessee, has a month to month lease for office equipment which is classified as an operating lease. Rent expense under this non-cancelable lease was \$1,442 for each of the years ended June 30, 2022 and 2021, respectively.

The Organization, as lessee, has a lease for office space which is classified as an operating lease. This lease will end October 31, 2022. As of the date of the financial statements this lease is a month to month lease. Rent expense under this non-cancelable lease was approximately \$17,232 and \$15,855 for the years ended June 30, 2022 and 2021, respectively.

The Organization, as lessee, has a lease for office space which is classified as an operating lease. This lease began March 2022 and is expected to end February 2025. Rent expense under this non-cancelable lease was approximately \$10,948 for the year ended June 30, 2022.

UNITED WAY OF IREDELL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE K - OPERATING LEASES (continued)

The approximate remaining annual minimum lease payments under the operating leases existing as of June 30, 2022 are:

| | | |
|---------------|-----------|---------------|
| June 30, 2023 | \$ | 39,088 |
| June 30, 2024 | | 34,168 |
| June 30, 2025 | | 23,229 |
| | <u>\$</u> | <u>96,485</u> |

The Organization leases office space to a tenant under a non-cancelable operating lease with the lease term ending on October 31, 2025. Cost and accumulated depreciation of the leased facility at June 30, 2022 was \$620,023 and \$298,230, respectively. The following is a schedule for the next four years of future minimum rentals under the lease at June 30, 2022:

| | | |
|---------------|-----------|----------------|
| June 30, 2023 | \$ | 66,156 |
| June 30, 2024 | | 66,804 |
| June 30, 2025 | | 66,804 |
| June 30, 2026 | | 22,268 |
| | <u>\$</u> | <u>222,032</u> |

NOTE L - OVERHEAD

The overhead ratio for the past three periods is shown below. The overhead ratio is overhead expense divided by total revenue. Overhead expense consists of management and general expenses and fundraising expenses from the Statement of Functional Expenses. Total revenue is the sum of total revenue and support from the Statement of Activities and designated pledges less net realized and unrealized gain (loss) on investments. The three year rolling average overhead rate for the years ended June 30, 2022 and 2021 are 22.2% and 16.2%, respectively.

| <u>Period</u> | <u>Overhead Ratio</u> |
|---------------|-----------------------|
| June 30, 2022 | 35.8% |
| June 30, 2021 | 19.1% |
| June 30, 2020 | 11.7% |

NOTE M - CONCENTRATIONS OF CREDIT RISK

Gifts from two individuals and one organization comprised approximately 37% of the Organization's pledges receivable at June 30, 2022. Gifts from two organizations comprised approximately 22% of the Organization's contributions for the year ended June 30, 2022.

Gifts from two individuals and one organization comprised approximately 42% of the Organization's pledges receivable at June 30, 2021.

UNITED WAY OF IREDELL COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE N - LIQUIDITY

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

| | 2022 | 2021 |
|---|------------|------------|
| Cash and cash equivalents | \$ 119,202 | \$ 210,939 |
| Accounts receivable | 13,255 | 55,282 |
| Pledges receivable, net | 316,724 | 392,831 |
| Less amounts expected to be received after one year | (59,700) | (149,029) |
| Investments | 1,072 | 1,278 |
| Financial assets available to meet cash needs for general expenditure within one year | \$ 390,553 | \$ 511,301 |

NOTE O - DONATED GOODS AND SERVICES

The Organization receives various forms of gifts in-kind including public service announcements and other food and non-food items such as supplies. Gifts in-kind are reported as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. Gifts in-kind are valued based upon third party estimates of fair market or wholesale values that would be received for selling the goods considering their condition and utility for use as determined by the donor. Donated gifts in-kind are not sold and goods are only distributed for program use.

The Organization received media in the form of broadcasts and public service during the years ended June 30, 2022 and 2021 valued at \$8,691 and \$10,737, respectively. These were valued by third party estimates using media or PSA rates in like circumstances

The Organization received other goods in the form of food during the year ended June 30, 2022 valued at \$862. These were valued by third party estimates of wholesale prices or similar products and condition. The donations of food were gifted to other local nonprofit organizations.

NOTE P - RECLASSIFICATIONS

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

NOTE Q - SUBSEQUENT EVENTS

The Organization evaluated subsequent events through January 13, 2023, the date on which the financial statements were issued.

UNITED WAY OF IREDELL COUNTY, INC.
SCHEDULES OF GRANTS PAID - CASH BASIS
For the Years Ended June 30, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|---|-------------------|-------------------|
| American Red Cross | \$ 6,000 | \$ 4,779 |
| Aftershock Youth | | 6,520 |
| Boys and Girls Club | 31,870 | 42,935 |
| Boy Scouts | 7,351 | 7,812 |
| Children's Hope Alliance | 54,000 | 20,475 |
| City of Statesville Children's Fund | 23,650 | |
| Council on Aging | 40,650 | 40,650 |
| Elder Center | 2,000 | 8,717 |
| Feed NC (Mooresville Soup Kitchen) | 721 | 20,536 |
| Fifth Street Ministries | 50,574 | 55,502 |
| Food for Days | 2,750 | 1,846 |
| G4G Ministries | 1,224 | 5,619 |
| Girl Scouts | 3,550 | 3,550 |
| Head Start, I-Care | 12,000 | 68,889 |
| HealthReach Community Clinic | 1,821 | 20,000 |
| Hospice of Iredell County | 34,790 | 29,752 |
| Iredell Christian Ministries | 6,000 | 65,446 |
| Iredell County Partnership for Young Children | 9,419 | 7,500 |
| Iredell County Rescue Squad | 9,138 | 11,480 |
| Iredell Friends of the Library | 10,496 | |
| Iredell Statesville Schools | | 46,519 |
| Lifespan | 17,000 | 17,438 |
| Mooresville Christian Mission | 25 | 259 |
| North Iredell Rescue Squad | 9,138 | 11,138 |
| Partners Behavioral Health | 32,000 | |
| Piedmont Mediation Center | 27,183 | 26,000 |
| Purple Heart Homes | 1,313 | 348 |
| Pharos Parenting | 70,870 | 28,614 |
| The Salvation Army | 19,500 | 28,184 |
| Troutman Rescue Squad | 9,138 | 11,138 |
| YMCA | 23,183 | 26,718 |
| Yokefellow Ministry | 8,729 | 19,562 |
| Other designations | 3,569 | 17,703 |
| Designations to other United Ways | 4,023 | 9,464 |
| | <u>\$ 533,675</u> | <u>\$ 665,093</u> |

See independent auditors' report.