



United Way of Greater High Point, Inc.

FINANCIAL STATEMENTS

June 30, 2023 and 2022



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REPORT





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INDEPENDENT AUDITORS' REPORT

Board of Directors
United Way of Greater High Point, Inc.
High Point, North Carolina

Opinion

We have audited the accompanying financial statements of United Way of Greater High Point, Inc., a nonprofit organization, which comprise the statements of financial position as of June 30, 2023 and 2022, 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 Greater High Point, Inc. as of June 30, 2023 and 2022, 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 Greater High Point, 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 Greater High Point, 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 Greater High Point, 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 Greater High Point, 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.

Carr, Riggs & Ingram, P.L.L.C.

CARR, RIGGS & INGRAM, P.L.L.C.

High Point, North Carolina
October 24, 2023



FINANCIAL STATEMENTS



United Way of Greater High Point, Inc.
Statements of Financial Position

<i>June 30,</i>	2023	2022
Assets		
Cash	\$ 306,269	\$ 383,315
Short-term cash investments	73,804	66,459
Accounts receivable, net	5,635	2,919
Accounts receivable - ERC	194,616	-
Campaign pledges receivable, net	1,344,973	1,368,440
Prepaid expenses	189,548	191,848
Multi-year pledges, net	96,444	215,172
Investments in marketable securities	3,436,455	2,994,076
Operating lease right-of-use asset, net	34,805	-
Property and equipment, net	673,952	686,251
Total assets	\$ 6,356,501	\$ 5,908,480
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 28,520	\$ 35,543
Refundable advances - ERC	194,616	-
Campaign designations payable	429,248	507,887
Operating lease liabilities	34,805	-
Total liabilities	687,189	543,430
Net assets		
Without donor restrictions	2,884,367	2,725,672
With donor restrictions	2,784,945	2,639,378
Total net assets	5,669,312	5,365,050
Total liabilities and net assets	\$ 6,356,501	\$ 5,908,480

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

United Way of Greater High Point, Inc.
Statement of Activities

For the year ended June 30,

2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Annual campaign contributions	\$ -	\$ 3,965,343	\$ 3,965,343
Less: Allowance for uncollectible pledges	-	(249,894)	(249,894)
Donor designated gifts to others	-	(495,547)	(495,547)
Total annual campaign contributions	-	3,219,902	3,219,902
Sponsorships	220	143,438	143,658
Contributions of non-financial assets	53,789	-	53,789
Investment income (loss), net	148,178	104,956	253,134
Miscellaneous revenue	80,594	-	80,594
Net assets released from restrictions by time	2,933,309	(2,933,309)	-
Net assets released from restrictions by use	389,420	(389,420)	-
Total revenue and other support	3,605,510	145,567	3,751,077
Expenses			
<i>Program services</i>			
Community Impact	2,397,381	-	2,397,381
Women in Motion	113,658	-	113,658
Total program services	2,511,039	-	2,511,039
<i>Supporting services</i>			
Resource development	561,816	-	561,816
Management and general	373,960	-	373,960
Total supporting services	935,776	-	935,776
Total expenses	3,446,815	-	3,446,815
Change in net assets	158,695	145,567	304,262
Net assets at beginning of year	2,725,672	2,639,378	5,365,050
Net assets at end of year	\$ 2,884,367	\$ 2,784,945	\$ 5,669,312

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

United Way of Greater High Point, Inc.
Statement of Activities

For the year ended June 30,

2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Annual campaign contributions	\$ -	\$ 3,868,700	\$ 3,868,700
Less: Allowance for uncollectible pledges	-	(216,981)	(216,981)
Donor designated gifts to others	-	(643,417)	(643,417)
Total annual campaign contributions	-	3,008,302	3,008,302
Sponsorships	10,425	164,983	175,408
Contributions of non-financial assets	49,290	-	49,290
Investment income (loss), net	(246,814)	(232,406)	(479,220)
Miscellaneous revenue	79,851	-	79,851
Net assets released from restrictions by time	2,939,969	(2,939,969)	-
Net assets released from restrictions by use	345,982	(345,982)	-
Total revenue and other support	3,178,703	(345,072)	2,833,631
Expenses			
<i>Program services</i>			
Community Impact	2,409,838	-	2,409,838
Women in Motion	78,311	-	78,311
Total program services	2,488,149	-	2,488,149
<i>Supporting services</i>			
Resource development	524,425	-	524,425
Management and general	382,924	-	382,924
Total supporting services	907,349	-	907,349
Total expenses	3,395,498	-	3,395,498
Change in net assets	(216,795)	(345,072)	(561,867)
Net assets at beginning of year	2,942,467	2,984,450	5,926,917
Net assets at end of year	\$ 2,725,672	\$ 2,639,378	\$ 5,365,050

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

United Way of Greater High Point, Inc.
Statement of Functional Expenses

For the year ended June 30, 2023,

	Program Services			Supporting Services			2023 Total
	Community Impact	Women in Motion	Programs Subtotal	Resource Development	Management and General		
Allocations - agencies	\$ 1,880,970	\$ -	\$ 1,880,970	\$ -	\$ -	\$	1,880,970
Salaries	114,875	34,034	148,909	240,043	197,292	\$	586,244
Special projects	219,911	5,000	224,911	-	-	\$	224,911
Information technology	34,480	7,230	41,710	54,552	31,929	\$	128,191
Employee benefits	21,417	3,786	25,203	57,323	42,744	\$	125,270
Dues and subscriptions	9,274	3,135	12,409	27,949	18,089	\$	58,447
Office expense	8,640	3,671	12,311	31,553	3,952	\$	47,816
Processing fees	68,225	-	68,225	-	3	\$	68,228
Supplies, expenses - non-cash	-	-	-	53,789	-	\$	53,789
Payroll taxes	8,723	2,615	11,338	18,214	14,866	\$	44,418
Professional fees	1,087	428	1,515	9,365	33,093	\$	43,973
Occupancy	10,562	2,399	12,961	18,799	10,660	\$	42,420
Meetings and events	2,277	42,149	44,426	8,333	2,193	\$	54,952
Depreciation	6,484	1,556	8,040	11,411	6,484	\$	25,935
Printing and publications	142	462	604	6,337	882	\$	7,823
Insurance	748	172	920	1,342	3,264	\$	5,526
Advertising and promotions	1,000	3,830	4,830	2,580	4	\$	7,414
Travel	1,984	870	2,854	7,848	409	\$	11,111
Amortization - right of use assets	6,215	1,428	7,643	11,152	6,265	\$	25,060
Interest expense - right of use assets	234	54	288	420	236	\$	944
Staff development	133	839	972	806	1,595	\$	3,373
Total	\$ 2,397,381	\$ 113,658	\$ 2,511,039	\$ 561,816	\$ 373,960	\$	\$ 3,446,815

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

United Way of Greater High Point, Inc.
Statement of Functional Expenses

For the year ended June 30, 2022,

	Program Services			Supporting Services		
	Community Impact	Women in Motion	Programs Subtotal	Resource Development	Management and General	2022 Total
Allocations - agencies	\$ 1,939,493	\$ -	\$ 1,939,493	\$ -	\$ -	\$ 1,939,493
Salaries	100,446	30,632	131,078	229,211	180,775	541,064
Special projects	201,879	-	201,879	-	-	201,879
Information technology	29,913	6,221	36,134	59,677	38,690	134,501
Employee benefits	20,675	1,755	22,430	54,062	36,331	112,823
Dues and subscriptions	12,827	3,297	16,124	38,677	24,787	79,588
Office expense	8,944	3,154	12,098	29,886	29,191	71,175
Processing fees	69,513	-	69,513	-	3	69,516
Supplies, expenses - non-cash	-	-	-	49,290	-	49,290
Payroll taxes	7,621	2,350	9,971	17,414	13,796	41,181
Professional fees	982	307	1,289	3,009	34,620	38,918
Occupancy	8,323	1,066	9,389	14,276	10,043	33,708
Meetings and events	940	23,307	24,247	4,754	1,188	30,189
Depreciation	6,629	1,061	7,690	11,402	7,424	26,516
Printing and publications	81	1,371	1,452	8,413	1,304	11,169
Insurance	420	131	551	1,287	3,076	4,914
Advertising and promotions	500	3,546	4,046	259	-	4,305
Travel	652	113	765	2,808	46	3,619
Amortization - right of use assets	-	-	-	-	-	-
Interest expense - right of use assets	-	-	-	-	-	-
Staff development	-	-	-	-	1,650	1,650
Total	\$ 2,409,838	\$ 78,311	\$ 2,488,149	\$ 524,425	\$ 382,924	\$ 3,395,498

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

United Way of Greater High Point, Inc.
Statements of Cash Flows

<i>For the years ended June 30,</i>	2023	2022
Operating Activities		
Change in net assets	\$ 304,262	\$ (561,867)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Allowance for uncollectible accounts	(50,244)	(5,182)
Depreciation	25,935	26,516
Amortization of right-of-use asset	34,805	-
Unrealized and realized loss (gain) on investments	(187,198)	520,345
Changes in operating assets and liabilities		
Accounts receivable, net	(2,716)	231
Accounts receivable - ERC	(194,616)	-
Campaign pledges receivable	73,711	(27,371)
Multi-year pledges	118,728	107,174
Prepaid expenses	2,300	10,412
Accounts payable and accrued expenses	(7,021)	(51,739)
Refundable advances - ERC	194,616	-
Operating lease liabilities	(34,805)	-
Campaign designations payable	(78,639)	(92,457)
Net cash provided by (used in) operating activities	199,118	(73,938)
Investing Activities		
Acquisition of property and equipment	(13,638)	(9,189)
Proceeds from sale of marketable securities	2,314,042	432,762
Acquisition of marketable securities	(2,569,223)	(561,076)
Net cash provided by (used in) investing activities	(268,819)	(137,503)
Net change in cash and cash equivalents	(69,701)	(211,441)
Cash and cash equivalents at beginning of year	449,774	661,215
Cash and cash equivalents at end of year	\$ 380,073	\$ 449,774

(Continued)

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

United Way of Greater High Point, Inc.
Statements of Cash Flows (Continued)

For the years ended June 30, **2023** **2022**

Presented on the Statement of Financial Position as:

Cash	\$	306,269	\$	383,315
Short-term cash investments		73,804		66,459
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Cash and cash equivalents, at end of year	\$	380,073	\$	449,774
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Schedule of Noncash Transactions

Lease liabilities arising from obtaining right-of-use assets				
Operating leases	\$	34,805	\$	-
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The accompanying notes are an integral part of these financial statements.

United Way of Greater High Point, Inc. Notes to Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATION

The United Way of Greater High Point, Inc. (the Organization) is a non-profit organization which emphasizes broad citizen involvement to seek and provide financial, volunteer and professional resources to effectively and efficiently meet human needs in the communities of High Point, Jamestown, Archdale, and Trinity, North Carolina. Its mission is to develop resources and partnerships that make a measurable difference in people's lives.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to allowance for uncollectible pledges and allocation of functional expenses.

Program Services

The Organization's program services consist of the following:

Community Impact – The Organization develops resources and partnerships that make a measurable difference in people's lives, by providing financial grants to their partner agencies and providing outreach programs such as: financial literacy classes to the public; an African-American Initiative group to provide and support opportunities that engage and promote growth and development in minority and under-served communities; and fans for seniors program that provides fans each summer to the seniors in the High Point community. The Organization's backpack program provides weekend, holidays and summer meals for elementary schools students in High Point, Archdale and Trinity. United Way also provides a free book exchange program for children.

Women in Motion – Promotes leadership, professional success, personal wellness, and the financial independence of women in High Point, Archdale and Trinity.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments that have an original maturity of 90 days or less and which are not subject to withdrawal restrictions.

United Way of Greater High Point, Inc.
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Short-term cash investments

Short-term cash investments include cash and all highly liquid investments that have an original maturity of 90 days or less and are held in investment accounts that are subject to withdrawal restrictions.

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. 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 fair value, which is measured as 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 received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Investments

The Organization reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. 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.

The Organization's investment policy states that the overall investment objective is to maximize return on the assets consistent with the fiduciary character of the funds. The Organization considers implementation of investment strategies that involve a reasonable variability of returns within asset class and diversification across investment markets. The assets of the investment portfolio are comprised of Fixed Income, Equity, Alternatives, and Cash/Cash Equivalents. The target allocation is 50% Fixed Income, 40% Equity, 5% Alternatives, and 5% Cash/Cash Equivalents, with allowable ranges of 40-60% in Fixed Income, 30-50% in Equity, 0-15% in Alternatives, and 0-15% in Cash and Cash Equivalents. These investment objectives are to be reviewed by the Investment Committee at least annually for their continued appropriateness.

In the event the Organization enters a state of emergency as determined by the Finance/Investment committee, the committee reserves the right to instruct the investment manager to deviate from the long-term investment targets in order to provide for projected cash flow needs of the Organization. The committee will review the allocation and the state of emergency status no less than every 90 days to determine appropriate time to authorize the investment manager to rebalance to targeted long-term investment allocations.

United Way of Greater High Point, Inc. Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

The funds held at the High Point Community Foundation consists of assets designated by two donors as being for permanent investment. The earnings are to be used for “strengthening individuals and families” and “improving lives of children and youth”. Two designated disbursements from each fund are to be made annually to the United Way of Greater High Point, Inc.’s annual fundraising campaign. Since these assets are seen as long-term investments, they do not follow the policy listed above in terms of target allocations. These assets are invested with the High Point Community Foundation and follow the target allocations set by their investment committee.

Property and Equipment

All acquisitions of property and equipment in excess of \$500 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Donations of property and equipment are recorded as support at their estimated fair value on date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor restrictions regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Leases

The Organization leases office equipment. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities the statements of financial position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities on the statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

United Way of Greater High Point, Inc. Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

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 building maintenance and cash reserves.

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. Contributions with donor restrictions that are both received and released within the same year are recorded as an increase in net assets with donor restrictions and as a satisfaction of program restrictions.

Revenue Recognition

Revenue from member services, sponsorships and related activities is recognized as revenue when performance obligations under the terms of the contracts with customers are satisfied. Revenue received in advance is deferred and recognized over the periods to which the dates and fees relate. These amounts are included in performance obligation liabilities within the statements of financial position.

Contributions are recognized when cash, 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 removed the conditions. Contributions received with donor-imposed restrictions are reported as an increase in net assets with donor restrictions depending on the nature of the restrictions. When restrictions expire, with donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. Pledge receivables are recorded as without donor restrictions when receivable is due in less than one year.

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

United Way of Greater High Point, Inc. Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

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. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on actual percentages of time spent in each functional area. Expenses related to maintenance and upkeep of the entire facility are allocated across functional areas based on a fixed percentage.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the years ended June 30, 2023 and 2022, advertising costs totaled \$7,414 and \$4,305, respectively.

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from taxes on income other than unrelated business income. Unrelated business income results from rent, administration of self-insurance activities, and commissions.

The Organization utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2023 and 2022, the Organization has no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 24, 2023 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

United Way of Greater High Point, Inc.
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective July 1, 2022 and recognized and measured leases existing at, or entered into after, July 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended June 30, 2021 are made under prior lease guidance in FASB ASC 840.

The Organization elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on July 1, 2021 a lease liability of \$59,405, which represents the present value of the remaining operating lease payments of \$61,782, discounted using our incremental borrowing rate of 3.25%, and a right-of-use asset of \$59,405.

The standard had a material impact on the Organization's statements of financial position, but did not have an impact on the statements of activities, nor statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases, while the accounting for finance leases remained substantially unchanged.

Employee Retention Credit

During the year, the Organization submitted claims for refundable advance credits under the Employee Retention Credit (ERC). The ERC is a refundable credit against certain payroll taxes allowed to an eligible employer for qualifying wages that was established by the *Coronavirus Aid, Relief, and Economic Security (CARES) Act* and further amended by the *Consolidated Appropriations Act (CAA)* and the *American Rescue Plan (ARP)*. The Organization expects to meet the ERC's eligibility requirements and considers these payments as a conditional grant. Accordingly, the Organization has initially recorded the anticipated refunds as a refundable advance in accordance with the guidance for conditional contributions and will recognize the grant in the statement of activities when there is no longer a measurable performance or other barrier. The Organization has interpreted the condition(s) of the grant to be that the Organization experienced the required decline in gross receipts during the eligibility periods during 2020 or the first three calendar quarters of 2021.

United Way of Greater High Point, Inc.
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee Retention Credit (Continued)

Laws and regulations concerning government programs, including the ERC established by the CARES Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Organization.

Note 3: LIQUIDITY AND AVAILABILITY

The Organization maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Organization's expenditures come due. The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

<i>June 30,</i>	2023	2022
Total assets at year end	\$ 6,356,501	\$ 5,908,480
Less non-financial assets		
Prepaid expenses	(189,548)	(191,848)
Operating lease right-of-use asset, net	(34,805)	-
Property and equipment, net	(673,952)	(686,251)
Financial assets at year-end	5,458,196	5,030,381
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions		
Restricted by donor with time or purpose restrictions	(2,784,945)	(2,639,378)
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,673,251	\$ 2,391,003

The Organization holds investment funds (the John C. and Marsha Slane Fund for Improving the Lives of Children and Youth and the David R. Hayworth Fund for Strengthening Individuals and Families) that are donor-restricted funds. Income from these donor-restricted funds is restricted for specific purposes. Donor-restricted funds are not available for general expenditure.

The Board-designated Building Reserve Fund is restricted to expenditures for maintaining the building. There is no spending rate limit on this fund. Although the Organization does not intend to spend from this Board-designated fund (other than for appropriate building related expenditures), these amounts could be made available if necessary. A Reserves Policy was created that requires a minimum of four months of allocations and operations to be maintained in the Cash Reserves fund.

United Way of Greater High Point, Inc.
Notes to Financial Statements

Note 3: LIQUIDITY AND AVAILABILITY (Continued)

As part of a liquidity management plan, cash in excess of daily requirements is invested in Fixed Income, Equity, Alternatives, and Cash/Cash Equivalents. Investment managers must provide that liquidity can be provided within trade date plus three days settlement for a minimum of 75% of the investment portfolio. This liquidity provision is not designed to eliminate the market risk of the portfolio, only to provide that liquidity can be provided in a timely manner if desired by the Organization.

Note 4: CAMPAIGN PLEDGES RECEIVABLE

Campaign pledges receivable consists of the following:

<i>June 30,</i>	2023	2022
Campaign pledges receivable	\$ 1,821,644	\$ 1,895,355
Less allowance for uncollectible accounts	(476,671)	(526,915)
Campaign pledges receivable, net	\$ 1,344,973	\$ 1,368,440

Multi-year pledges consist of the following:

<i>June 30,</i>	2023	2022
Receivable within one year	\$ 75,000	\$ 100,000
Receivable in one to five years	25,000	129,166
Total multi-year pledges	100,000	229,166
Discounted at 4.75%	(3,556)	(13,994)
Multi-year pledges, net	\$ 96,444	\$ 215,172

Campaign pledges written off totaled \$249,894 and \$216,981 for the years ended June 30, 2023 and 2022, respectively.

United Way of Greater High Point, Inc.
Notes to Financial Statements

Note 5: INVESTMENTS

Investments in marketable securities consist of the following:

<i>June 30, 2023</i>	Cost	Market Value
Mutual funds:		
Equity funds	\$ 1,582,859	\$ 1,964,912
Fixed income funds	1,009,932	956,461
Hedge funds	539,640	485,366
Commodity funds	33,519	29,716
Total investments in marketable securities	\$ 3,165,950	\$ 3,436,455

<i>June 30, 2022</i>	Cost	Market Value
Mutual funds:		
Equity funds	\$ 1,668,353	\$ 1,834,067
Fixed income funds	1,067,822	961,952
Hedge funds	172,679	170,254
Commodity funds	24,531	27,803
Total investments in marketable securities	\$ 2,933,385	\$ 2,994,076

Note 6: BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION

United Way of Greater High Point, Inc. established a fund that is perpetual in nature (the fund) under a community foundation. The fund is intended to be an agency fund arising from a reciprocal transaction because the Organization as transferor has specified itself as the sole Fund beneficiary and that the community foundation will record a corresponding liability for all assets transferred to the fund. In addition, the Organization may report a beneficial interest in the Fund assets on its financial statements and the Organization shall have the sole authority to advise the community foundation as to distributions from the fund in accordance with the instructions of its Board of Directors. The fund is held and invested by the community foundation for the Organization's benefit and is reported at fair value in the statement of financial position, with distributions and changes in fair value recognized in the statement of activities.

United Way of Greater High Point, Inc.
Notes to Financial Statements

Note 7: PROPERTY AND EQUIPMENT

The components of property and equipment consist of the following at June 30, 2023 and 2022:

<i>June 30,</i>	Estimated Useful Lives (in years)	2023	2022
Building and related improvements	3-39	\$ 528,503	\$ 528,503
Office furniture and equipment	3-10	215,972	217,408
Total depreciable property and equipment		744,475	745,911
Less accumulated depreciation		(241,272)	(230,409)
Total depreciable property and equipment, net		503,203	515,502
Land		170,749	170,749
Total property and equipment, net		\$ 673,952	\$ 686,251

Depreciation expense for the years ended June 30, 2023 and 2022 amounted to \$25,935 and \$26,516, respectively.

The components of right-of-use assets consist of the following at June 30, 2023:

<i>June 30,</i>	2023
Operating lease right-of-use assets	\$ 59,405
Less accumulated amortization	24,600
Total right-of-use assets, net	\$ 34,805

Note 8: LEASES

Under ASC 842, *Leases*, and for the 2023 year, the Organization has operating leases for office and equipment. The leases have remaining lease terms of 1 to 4 years. As of June 30, 2023, assets recorded under operating leases were \$59,405, respectively, and accumulated depreciation was \$24,600.

The components of lease expense consist of the following:

<i>For the year ended June 30,</i>	2023
Operating lease cost	
Amortization of right-of-use asset	\$ 25,060
Interest on lease liabilities	236
Total operating lease cost	\$ 25,296

United Way of Greater High Point, Inc.
Notes to Financial Statements

Note 8: LEASES (Continued)

Other information related to leases was as follows:

<i>For the year ended June 30,</i>	2023
Supplemental Cash Flow Information	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 34,805
Weighted average remaining lease term and discount rates consist of the following:	
Right-of-use assets obtained in exchange for lease obligations	
Operating leases	\$ 59,405
Weighted average remaining lease term	
Operating leases	2 years
Weighted average discount rate	
Operating leases	3.25%

Future minimum lease payments under non-cancellable leases as of June 30, 2023, were as follows:

<i>For the years ended June 30,</i>	Operating Leases
2024	\$ 26,004
2025	3,348
2026	3,348
2027	3,348
<hr/>	
Total future minimum lease payments	36,048
Less imputed interest	1,243
<hr/>	
Present value of lease liabilities	\$ 34,805

The Organization leases office equipment under a non-cancellable operating lease at a monthly rate of \$1,888, through June 2024. Upon expiration of the lease agreement in 2024, the Organization will evaluate its options for a new lease agreement.

United Way of Greater High Point, Inc.
Notes to Financial Statements

Note 8: LEASES (Continued)

The Organization also leases certain equipment under a non-cancellable operating lease at a monthly rate of \$279, through June 2027. Upon expiration of the lease agreement in 2027, the Organization will evaluate its options for a new lease agreement.

Rent expense was \$26,004 for the year ended June 30, 2022.

Minimum lease payments under the office operating lease as of June 30, 2022 for future years are as follows:

For the years ending June 30,

2023	\$	26,004
2024		26,004
2025		3,348
2026		3,348
2027		3,348
Total	\$	62,052

Note 9: NET ASSETS

A summary of net assets without donor restrictions follows:

<i>June 30,</i>	2023	2022
Undesignated	\$ 649,969	\$ 889,451
Board designated		
Cash reserves	2,176,771	1,782,551
Building maintenance	57,627	53,670
Total net assets without donor restrictions	\$ 2,884,367	\$ 2,725,672

United Way of Greater High Point, Inc.
Notes to Financial Statements

Note 9: NET ASSETS (Continued)

A summary of net assets with donor restrictions follows:

<i>For the years ended June 30,</i>	2023	2022
Time restricted	\$ 972,202	\$ 1,014,002
Purpose restricted		
Backpack program	90,143	104,076
Women in Motion	222,574	172,204
Project board development	8,307	8,633
Services for children and families	1,277,368	1,225,822
Miscellaneous programs	214,351	114,641
Total net assets with donor restrictions	\$ 2,784,945	\$ 2,639,378

\$1,000,000 of perpetuity restricted net assets is restricted for services to children and families. These assets were designated by donors as being for permanent investment.

A summary of net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by the passage of time specified by the donors as follows:

<i>June 30,</i>	2023	2022
Expiration of time restrictions	\$ 2,933,309	\$ 2,939,969
Satisfaction of purpose restrictions		
Backpack program	196,076	191,477
Women in Motion	97,408	66,234
Project board development	546	45
Services for children and families	53,410	54,086
Covid 19 emergency funding	1,213	1,000
Miscellaneous programs	40,767	33,140
Total net assets released from restrictions	\$ 3,322,729	\$ 3,285,951

United Way of Greater High Point, Inc.
Notes to Financial Statements

Note 10: CONTRIBUTIONS IN-KIND

All donated space, services, and goods were utilized by the Organization’s supporting services. There were no donor-imposed restrictions associated with the contributed space, services or goods.

The components of donated space, services and goods contributed to the Organization consists of the following for the year ended June 30, 2023:

<i>For the year ended June 30, 2023</i>	Donated Space	Donated Services	Donated Goods	Total
Supporting services				
Resource development	\$ 12,200	\$ -	\$ 41,589	\$ 53,789
Total contributed space, services and goods	\$ 12,200	\$ -	\$ 41,589	\$ 53,789

The components of donated space, services and goods contributed to the Organization consists of the following for the year ended June 30, 2022:

<i>For the year ended June 30, 2022</i>	Donated Space	Donated Services	Donated Goods	Total
Supporting services				
Resource development	\$ 12,890	\$ -	\$ 36,400	\$ 49,290
Total contributed space, services and goods	\$ 12,890	\$ -	\$ 36,400	\$ 49,290

Donated event rental space is valued at the fair value of similar event space rentals in the area. Donated goods are valued at the wholesale prices that would be received for selling similar products.

Note 11: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

United Way of Greater High Point, Inc.
Notes to Financial Statements

Note 11: FAIR VALUE MEASUREMENTS (Continued)

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- 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; or
 - can be 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.

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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

Mutual funds, exchange-traded and closed end funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Assets and liabilities measured at fair value on a recurring basis, consist of the following:

<i>June 30, 2023</i>	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 3,436,455	\$ -	\$ -	\$ 3,436,455
Total investments at fair value	\$ 3,436,455	\$ -	\$ -	\$ 3,436,455

<i>June 30, 2022</i>	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 2,994,076	\$ -	\$ -	\$ 2,994,076
Total investments at fair value	\$ 2,994,076	\$ -	\$ -	\$ 2,994,076

United Way of Greater High Point, Inc.
Notes to Financial Statements

Note 11: FAIR VALUE MEASUREMENTS (Continued)

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes to economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the year ended June 30, 2023 and 2022, there were no significant transfers in or out of levels 1, 2 or 3.

Note 12: ANNUAL CAMPAIGN

The annual fundraising campaign is conducted to raise support to invest in community program services and strategic initiatives. Each year by the end of June, United Way of Greater High Point, Inc. reports to the public the total estimated annual campaign funds raised. Actual results may differ from estimated amounts publicly reported due to timing differences on multi-year pledges and receipts for future campaigns, among other things. The calendar year 2023 and 2022 commitments to programs and agencies are based on the results of the fall and winter 2022 and 2021 campaigns, and are reflected as community investment expense in the statement of activities for the years ended June 30, 2023 and 2022, respectively. Amounts received in 2023 and 2022 for donor-designated gifts to others total \$495,547 and \$643,417, respectively.

Note 13: CONCENTRATIONS

The Organization maintains cash deposits with financial institutions at June 30, 2023 and 2022 in excess of federally insured limits of \$-0- and \$11,306, respectively.

Note 14: EMPLOYEE BENEFIT PLAN

The Organization maintains a thrift plan for eligible employees which qualifies under Section 403(b) of the Internal Revenue Code. The Plan allows participants to contribute up to 25% of their compensation. Total contributions by the Organization to the Plan were \$34,968 for the year ended June 30, 2023 and \$37,942 for the year ended June 30, 2022.

Note 15: RELATED PARTY TRANSACTIONS

The Organization is required to pay annual dues to both the United Way Worldwide and the United Way of North Carolina. Total dues paid to United Way Worldwide was \$40,135 and \$61,832 and total dues paid to United Way of North Carolina was \$12,013 and \$13,961 for the years ended June 30, 2023 and 2022 respectively.

United Way of Greater High Point, Inc.
Notes to Financial Statements

Note 16: OVERHEAD RATIO

The overhead ratio is equal to fund-raising, management, and general expenses divided by total campaign support and all other revenue sources. The ratio is calculated below using the Gross Method recommended in Functional Expenses and Overhead Reporting Guidelines for United Ways, United Way Worldwide.

<i>For the years ended June 30,</i>	2023	2022
Numerator		
Supporting services and general	\$ 935,776	\$ 907,349
Denominator		
Total support and other revenue	3,751,077	2,833,631
Allowance for uncollectible pledges	249,894	216,981
Amounts designated for specific agencies	495,547	643,417
Net investment return	(253,134)	479,220
Events and rental income	(7,950)	(10,485)
Total	\$ 4,235,434	\$ 4,162,764
Numerator/denominator expressed as a percent	22.09%	21.80%

Note 17: RISK AND UNCERTAINTIES

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and that such change could materially affect the amounts reported in the statement of activities. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.