

UNITED WAY OF GREATER HIGH POINT, INC.
High Point, North Carolina

**INDEPENDENT AUDITORS REPORT
AND
FINANCIAL STATEMENTS**

**As of and for the Years Ended
June 30, 2024 and 2023**

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4 - 5
STATEMENTS OF FUNCTIONAL EXPENSES	6 - 7
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9 - 19



Turlington and Company, L.L.P.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of United Way of Greater High Point, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of United Way of Greater High Point, Inc. as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Other Matter

The financial statements of United Way of Greater High Point, Inc. for the year ended June 30, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on October 24, 2023. As part of our audit of the financial statements as of and for the year ended June 30, 2024, we also audited the adjustments described in Note 19 that were made to restate the financial statements as of and for the year ended June 30, 2023. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the financial statements of United Way of Greater High Point, Inc. as of and for the year ended June 30, 2023 other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on those financial statements.

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 for one year after the date that the financial statements are issued.

509 East Center Street • Post Office Box 1697 • Lexington, North Carolina 27293-1697

Office: 336-249-6856 • Facsimile: 336-248-8697

1338 Westgate Center Drive • Winston-Salem, North Carolina 27103

Office: 336-765-2410 • Facsimile: 336-765-6241

www.turlingtonandcompany.com

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

Furlington and Company, L.P.

Winston-Salem, North Carolina
October 10, 2024

UNITED WAY OF GREATER HIGH POINT, INC.

STATEMENTS OF FINANCIAL POSITION

	June 30	
	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 705,213	\$ 306,269
Short-term cash investments	73,003	73,804
Investments in marketable securities	3,743,455	3,436,455
Accounts receivable	8,728	5,635
Campaign pledges receivable, current	1,422,654	1,344,973
Prepaid expenses	18,486	189,548
	<u>5,971,539</u>	<u>5,356,684</u>
Noncurrent assets:		
Campaign pledges receivable, noncurrent	631,346	96,444
Property and equipment, net	678,666	673,952
Operating lease right of use assets	98,134	34,805
	<u>1,408,146</u>	<u>805,201</u>
 Total assets	 <u>\$ 7,379,685</u>	 <u>\$ 6,161,885</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Operating lease obligations, current	\$ 22,133	\$ 25,239
Accounts payable	60,609	22,220
Accrued liabilities	5,085	6,300
Campaign designations payable	428,639	429,248
	<u>516,466</u>	<u>483,007</u>
Noncurrent liabilities:		
Operating lease obligations, noncurrent	73,164	9,566
	<u>589,630</u>	<u>492,573</u>
Net assets:		
Without donor restrictions	2,902,302	2,884,367
With donor restrictions	3,887,753	2,784,945
	<u>6,790,055</u>	<u>5,669,312</u>
 Total liabilities and net assets	 <u>\$ 7,379,685</u>	 <u>\$ 6,161,885</u>

The accompanying notes are an integral part of the financial statements

UNITED WAY OF GREATER HIGH POINT, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support and revenues:			
Campaign results		\$ 4,803,918	\$ 4,803,918
Provision for uncollectible campaign pledges		(182,912)	(182,912)
Designations		(522,368)	(522,368)
Net campaign revenue		<u>4,098,638</u>	<u>4,098,638</u>
Sponsorships		183,166	183,166
Grant income	\$ 4,010	35,000	39,010
Contributions of nonfinancial assets	50,687		50,687
Investment return	218,879	140,902	359,781
Miscellaneous income	86,856		86,856
Service fee income	4,726		4,726
Net assets released from restrictions by time	2,878,561	(2,878,561)	-
Net assets released from restrictions by use	476,337	(476,337)	-
Total public support, revenues, and reclassifications	<u>3,720,056</u>	<u>1,102,808</u>	<u>4,822,864</u>
Expenses:			
Program services:			
Community Impact	2,536,651		2,536,651
Women in Motion	130,179		130,179
Total program services	<u>2,666,830</u>		<u>2,666,830</u>
Supporting services:			
Resource development	586,748		586,748
Management and general	448,543		448,543
Total supporting services	<u>1,035,291</u>		<u>1,035,291</u>
Total expenses	<u>3,702,121</u>		<u>3,702,121</u>
Change in net assets	17,935	1,102,808	1,120,743
Net assets at beginning of year	<u>2,884,367</u>	<u>2,784,945</u>	<u>5,669,312</u>
Net assets at end of year	<u>\$ 2,902,302</u>	<u>\$ 3,887,753</u>	<u>\$ 6,790,055</u>

The accompanying notes are an integral part of the financial statements

UNITED WAY OF GREATER HIGH POINT, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support and revenues:			
Campaign results		\$ 3,965,343	\$ 3,965,343
Provision for uncollectible campaign pledges		(249,894)	(249,894)
Designations		(495,547)	(495,547)
Net campaign revenue		<u>3,219,902</u>	<u>3,219,902</u>
Sponsorships	\$ 220	143,438	143,658
Contributions of nonfinancial assets	53,789		53,789
Investment return	148,178	104,956	253,134
Miscellaneous income	77,894		77,894
Service fee income	2,700		2,700
Net assets released from restrictions by time	2,933,309	(2,933,309)	-
Net assets released from restrictions by use	<u>389,420</u>	<u>(389,420)</u>	<u>-</u>
Total public support, revenues, and reclassifications	<u>3,605,510</u>	<u>145,567</u>	<u>3,751,077</u>
Expenses:			
Program services:			
Community Impact	2,397,381		2,397,381
Women in Motion	<u>113,658</u>		<u>113,658</u>
Total program services	<u>2,511,039</u>		<u>2,511,039</u>
Supporting services:			
Resource development	561,816		561,816
Management and general	<u>373,960</u>		<u>373,960</u>
Total supporting services	<u>935,776</u>		<u>935,776</u>
Total expenses	<u>3,446,815</u>		<u>3,446,815</u>
Change in net assets	158,695	145,567	304,262
Net assets at beginning of year	<u>2,725,672</u>	<u>2,639,378</u>	<u>5,365,050</u>
Net assets at end of year	<u>\$ 2,884,367</u>	<u>\$ 2,784,945</u>	<u>\$ 5,669,312</u>

The accompanying notes are an integral part of the financial statements

UNITED WAY OF GREATER HIGH POINT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2024

	Program Services			Supporting Services			Totals
	Community Impact	Women in Motion	Total Program Services	Resource Development	Management and General	Total Supporting Services	
Salaries and wages	\$ 150,826	\$ 33,172	\$ 183,998	\$ 248,993	\$ 208,530	\$ 457,523	\$ 641,521
Employee benefits	33,101	4,253	37,354	69,333	52,310	121,643	158,997
Payroll taxes	11,582	2,548	14,130	19,067	27,616	46,683	60,813
Agency allocations	1,868,142		1,868,142			-	1,868,142
Special projects	301,866	10,000	311,866			-	311,866
Information technology	35,778	8,924	44,702	59,236	39,964	99,200	143,902
Dues and subscriptions	12,313	2,628	14,941	25,018	17,263	42,281	57,222
Office expense	4,323	2,965	7,288	18,322	23,105	41,427	48,715
Processing fees	70,844		70,844	100	68	168	71,012
Supplies, services, and space - noncash			-	50,687		50,687	50,687
Professional fees	10,853	2,467	13,320	22,300	39,369	61,669	74,989
Occupancy	13,788	2,241	16,029	17,480	11,294	28,774	44,803
Meetings and events	5,096	47,818	52,914	12,195	3,634	15,829	68,743
Depreciation	8,784	1,417	10,201	11,051	7,084	18,135	28,336
Printing and publications	386	1,730	2,116	11,752	2,433	14,185	16,301
Insurance	659	150	809	1,349	3,357	4,706	5,515
Advertising and promotions	1,000	7,618	8,618	4,676	2,500	7,176	15,794
Travel	1,331	426	1,757	3,465	724	4,189	5,946
Lease expense	5,979	1,185	7,164	10,145	6,409	16,554	23,718
Staff development		637	637	1,579	2,883	4,462	5,099
Total	\$ 2,536,651	\$ 130,179	\$ 2,666,830	\$ 586,748	\$ 448,543	\$ 1,035,291	\$ 3,702,121

The accompanying notes are an integral part of the financial statements

UNITED WAY OF GREATER HIGH POINT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

	Program Services			Supporting Services			Totals
	Community Impact	Women in Motion	Total Program Services	Resource Development	Management and General	Total Supporting Services	
Salaries and wages	\$ 114,875	\$ 34,034	\$ 148,909	\$ 240,043	\$ 197,292	\$ 437,335	\$ 586,244
Employee benefits	21,417	3,786	25,203	57,323	42,744	100,067	125,270
Payroll taxes	8,723	2,615	11,338	18,214	14,866	33,080	44,418
Agency allocations	1,880,970		1,880,970			-	1,880,970
Special projects	219,911	5,000	224,911			-	224,911
Information technology	34,480	7,230	41,710	54,552	31,929	86,481	128,191
Dues and subscriptions	9,274	3,135	12,409	27,949	18,089	46,038	58,447
Office expense	8,640	3,671	12,311	31,553	3,952	35,505	47,816
Processing fees	68,225		68,225		3	3	68,228
Supplies, services, and space - noncash			-	53,789		53,789	53,789
Professional fees	1,087	428	1,515	9,365	33,093	42,458	43,973
Occupancy	10,562	2,399	12,961	18,799	10,660	29,459	42,420
Meetings and events	2,277	42,149	44,426	8,333	2,193	10,526	54,952
Depreciation	6,484	1,556	8,040	11,411	6,484	17,895	25,935
Printing and publications	142	462	604	6,337	882	7,219	7,823
Insurance	748	172	920	1,342	3,264	4,606	5,526
Advertising and promotions	1,000	3,830	4,830	2,580	4	2,584	7,414
Travel	1,984	870	2,854	7,848	409	8,257	11,111
Lease expense	6,449	1,482	7,931	11,572	6,501	18,073	26,004
Staff development	133	839	972	806	1,595	2,401	3,373
Total	\$ 2,397,381	\$ 113,658	\$ 2,511,039	\$ 561,816	\$ 373,960	\$ 935,776	\$ 3,446,815

The accompanying notes are an integral part of the financial statements

UNITED WAY OF GREATER HIGH POINT, INC.

STATEMENTS OF CASH FLOWS

	Years Ended June 30	
	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,120,743	\$ 304,262
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	28,336	25,935
Allowance for uncollectible pledges receivable	(27,560)	(50,244)
Realized and unrealized gains on securities	(290,199)	(187,198)
Changes in assets and liabilities:		
Accounts receivable	(3,093)	(2,716)
Campaign pledges receivable	(585,023)	192,439
Prepaid expenses	171,062	2,300
Accounts payable and accrued expenses	37,174	(7,021)
Designations payable	(609)	(78,639)
Operating lease obligations	(2,837)	-
Net cash provided by operating activities	<u>447,994</u>	<u>199,118</u>
Cash flows from investing activities:		
Purchases of marketable securities	(811,578)	(2,569,223)
Proceeds from the sale of marketable securities	794,777	2,314,042
Purchase of property and equipment	(33,050)	(13,638)
Net cash used for investing activities	<u>(49,851)</u>	<u>(268,819)</u>
Net increase (decrease) in cash and cash equivalents	<u>398,143</u>	<u>(69,701)</u>
Cash and cash equivalents at beginning of years:		
Cash and cash equivalents	306,269	383,315
Short-term cash investments	73,804	66,459
	<u>380,073</u>	<u>449,774</u>
Cash and cash equivalents at end of years:		
Cash and cash equivalents	705,213	306,269
Short-term cash investments	73,003	73,804
	<u>\$ 778,216</u>	<u>\$ 380,073</u>
Supplemental noncash activity:		
Operating lease obligations arising from obtaining operating lease right of use assets	<u>\$ 97,810</u>	<u>\$ 34,805</u>

The accompanying notes are an integral part of the financial statements

UNITED WAY OF GREATER HIGH POINT, INC.

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2024 and 2023

1. Nature of Operations:

The United Way of Greater High Point, Inc. (the Organization), a North Carolina non-profit corporation, 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.

2. Summary of Significant Accounting Policies:

These financial statements were prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, with the more significant of these principles described as follows:

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; these restrictions will be met by the Organization's actions or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. 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 its partner agencies and through certain outreach programs. These programs include, but are not limited to, the following: financial literacy classes provided to the public; an African-American initiative group established to provide and support opportunities that engage and promote growth and development in minority and under-served communities; a fans for seniors program that provides fans to seniors in the High Point community each summer; a backpack program that provides weekend, holiday, and summer meals for elementary school students in High Point, Jamestown, Archdale and Trinity; and a free book exchange program for children.

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

UNITED WAY OF GREATER HIGH POINT, INC.

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (Continued):

Cash and Cash Equivalents

Cash and cash equivalents, as stated for cash flow purposes, 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.

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 statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements 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 the returns within asset class and diversification across investment markets. The assets of the investment portfolio are comprised of fixed income, equity, alternative investments, and cash and cash equivalents. The target allocation at June 30, 2024 is 40% fixed Income, 50% equity, 5% alternative investments, and 5% cash and cash equivalents, with allowable ranges of 30-50% in fixed income, 40-60% in equity, 0-15% in alternatives investments and 0-15% in cash and cash equivalents. These investment objectives are 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 and/or Investment committee, the committee reserves the right to instruct the investment manager to deviate from the long-term investment targets 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 the appropriate time to authorize the investment manager to rebalance to targeted long-term investment allocations.

The funds held at the High Point Community Foundation consist 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 set by the Organization's investment committee.

UNITED WAY OF GREATER HIGH POINT, INC.

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (Continued):

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, which range from three (3) to thirty-nine (39) years.

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.

Revenue Recognition

The Organization accounts for revenue from exchange transactions in accordance with ASC 606, *Revenue from Contracts with Customers*. 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. This generally occurs at a point in time once the service benefits have been transferred to the recipient. Revenue received in advance is deferred and recognized as the related performance obligations are satisfied. These amounts are included in contract liabilities within the statements of financial position. Revenue recognized from the satisfaction of performance obligations prior to receipt of payment are recognized as contract assets in the statements of financial position. The Organization had neither contract liabilities nor contract assets related to its contracts with customers at June 30, 2024, June 30, 2023, or July 1, 2022.

Contribution Accounting

The Organization accounts for contributions, including contributions related to its annual fundraising campaigns, in accordance with ASC 958-605, *Accounting for Contributions Received and Contributions Made*. Contributions, including unconditional promises to give, are recognized as income in the period that the pledge is received. Contributions received are recorded as an increase in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any 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. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from donor restrictions.

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

Donated services are recognized in the financial statements if the services (1) create or enhance nonfinancial assets or require specialized skills, (2) are provided by individuals possessing those skills, and (3) would typically need to be purchased if not provided by donation. See Note 10 for additional information regarding contributed services meeting these criteria that were received by the Organization during the years ended June 30, 2024 and 2023.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

UNITED WAY OF GREATER HIGH POINT, INC.

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (Continued):

Functional Allocation of Expenses (Continued)

Directly identifiable expenses are charged to the appropriate programs and supporting services. Expenses related to more than one function are charged to programs and supporting services based on estimates made by management. 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.

Advertising

The Organization uses advertising to promote its program among the audiences it serves. These advertising costs are expensed as they are incurred. Advertising costs totaled \$15,794 and \$7,414, respectively, for the years ended June 30, 2024 and 2023.

Leases

The Organization accounts for its leasing activities in accordance with ASC 842, *Leases*. Under ASC 842, all leases, with limited exceptions, are recognized on the statements of financial position as right of use assets and related lease obligations. The Organization classifies its leases as either operating leases or finance leases depending on the nature and terms of the agreements. Operating lease expense is recognized on a straight-line basis over the lease term whereas finance lease expense includes components of interest related to the accretion of the finance lease liability, and amortization related to the finance lease right of use assets. The Organization has elected to apply the short-term lease exception whereby right of use assets and lease obligations pertaining to leases with an original term of less than twelve months are not reflected in the statements of financial position. Further, the Organization has elected to use the risk-free discount rate in valuing lease obligations for certain asset classes, including office space and equipment. See Note 15 for additional information regarding the Organization's leasing activities.

3. Concentration of Credit Risk:

The Organization places its cash and cash equivalents on deposit with financial institutions insured by the Federal Deposit Insurance Corporation. Deposits held in noninterest-bearing transaction accounts are aggregated with any interest-bearing deposits the owner may hold in the same ownership category, and the combined total is insured up to at least \$250,000. During the years, the Organization from time to time may have had amounts on deposit in excess of the insured limit. As of June 30, 2024, the Organization has \$113,816 on deposit which exceeded the insured amount.

The Organization invests in various 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 financial statements. 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.

4. Income Taxes:

The Organization is exempt from income taxes on income other than unrelated business income under Section 501(c)(3) of the Internal Revenue Code.

The Organization has determined that it has no uncertain income tax positions as of June 30, 2024 and 2023. Also, the Organization does not anticipate any increase or decrease in unrecognized tax benefits during the next twelve months that would result in a material change to its financial position. The Organization files information returns only, and its returns for years ended after June 30, 2021 remain open for examination.

UNITED WAY OF GREATER HIGH POINT, INC.

NOTES TO FINANCIAL STATEMENTS

5. Liquidity and Availability:

The Organization's financial assets that are available for general expenditures within one year of June 30, 2024 and 2023 are as follows:

	2024	2023
Financial assets available within one year:		
Cash and equivalents	\$ 705,213	\$ 306,269
Short-term cash investments	73,003	73,804
Investments in marketable securities	3,743,455	3,436,455
Accounts receivable	8,728	5,635
Campaign pledges receivable, current	1,422,654	1,344,973
Total financial assets available within one year	5,953,053	5,167,136
Less, amounts unavailable for general expenditures within one year due to:		
Donor-imposed time and purpose restrictions	3,291,407	2,739,945
Campaign designations to specified agencies	428,639	429,248
	3,720,046	3,169,193
Less, amounts unavailable for general expenditures within one year due to board designations as follows:		
Board designated for building maintenance	64,017	57,627
Total financial assets available to management for general expenditure within one year	\$ 2,168,990	\$ 1,940,316

The Organization holds cash and investments that are subject to donor-imposed restrictions. These funds are not available for general expenditure.

The board-designated building maintenance 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); however, these amounts could be made available if necessary.

As part of a liquidity management plan, cash in excess of daily requirements is invested in fixed income, equity, alternative investments, and cash and cash equivalents. Investment managers must provide that liquidity can be provided within trade date plus three days settlement for a minimum of 5% of the investment portfolio. This liquidity provision is not designed to eliminate the market risk of the portfolio, but to provide that liquidity can be provided in a timely manner if desired by the Organization.

6. Annual Campaign and Campaign Pledges Receivable:

The Organization's annual campaign is conducted to raise support to invest in community program services and strategic initiatives. By the end of June of each year, the Organization reports the total estimated annual campaign funds raised to the public. Actual results may differ from the publicly reported estimated amounts due to various factors, including timing differences related to multi-year pledges and receipts for future campaigns. The calendar year 2024 and 2023 commitments to programs and agencies are based on the results of the fall and winter 2023 and 2022 campaigns and are reflected as Community Impact expense in the statements of activities for the years ended June 30, 2024 and 2023. Donor-designated gifts received through the annual campaigns totaled \$522,368 and \$495,547, respectively, for the years ended June 30, 2024 and 2023.

UNITED WAY OF GREATER HIGH POINT, INC.

NOTES TO FINANCIAL STATEMENTS

6. Annual Campaign and Campaign Pledges Receivable (Continued):

A summary of campaign pledges receivable is as follows at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Campaign pledges receivable	\$ 2,621,766	\$ 1,921,645
Less, allowance for uncollectible accounts	449,112	476,672
Less, present value discount on multi-year pledges	118,654	3,556
	<u>\$ 2,054,000</u>	<u>\$ 1,441,417</u>
Amounts due within:		
Less than one year	\$ 1,871,766	\$ 1,821,645
One to five years	750,000	100,000
	<u>\$ 2,621,766</u>	<u>\$ 1,921,645</u>

Campaign pledges written off totaled \$210,497 and \$249,894, respectively, for the years ended June 30, 2024 and 2023.

7. Property and Equipment:

The components of property and equipment were as follows at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Building and related improvements	\$ 699,252	\$ 699,252
Office furniture and equipment	249,020	215,972
	948,272	915,224
Less, accumulated depreciation	269,606	241,272
	<u>\$ 678,666</u>	<u>\$ 673,952</u>

8. Investment in Marketable Securities:

Investments in marketable securities, stated at fair market value, consist of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Mutual funds:		
Equity funds	\$ 2,248,243	\$ 1,964,912
Fixed income funds	1,301,733	956,461
Hedge funds	159,732	485,366
Commodity funds	33,747	29,716
	<u>\$ 3,743,455</u>	<u>\$ 3,436,455</u>

Investment return related to these securities consisted of the following for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Dividends and interest, net	\$ 69,582	\$ 65,936
Realized gain on sales of securities	39,478	23,871
Unrealized market appreciation	250,721	163,327
	<u>\$ 359,781</u>	<u>\$ 253,134</u>

Dividend and interest income is net of investment advisory fees totaling \$25,017 and \$23,388, respectively, for the years ended June 30, 2024 and 2023.

UNITED WAY OF GREATER HIGH POINT, INC.

NOTES TO FINANCIAL STATEMENTS

9. 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 the community foundation has recorded a corresponding liability for all assets held within the Fund. The Organization has 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 statements of financial position, with distributions and changes in fair value recognized in the statements of activities.

The Fund assets are included in investments in marketable securities in the accompanying statements of financial position and consisted of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Short-term investments	\$ 39,031	\$ 40,564
Mutual funds:		
Equity funds	890,233	792,705
Fixed income funds	240,438	194,790
Hedge funds	159,732	218,085
Commodity funds	33,747	29,716
	<u>\$ 1,363,181</u>	<u>\$ 1,275,860</u>

A schedule of activity within the Fund for the years ended June 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Beginning balances	\$ 1,275,860	\$ 1,224,314
Investment return, net	140,902	104,956
Distributions	(53,581)	(53,410)
Ending balances	<u>\$ 1,363,181</u>	<u>\$ 1,275,860</u>

10. Contributions of Nonfinancial Assets:

The Organization has recorded contributions of nonfinancial assets related to certain donated event space, services, and goods that were utilized by the Organization's supporting services. There were no donor-imposed restrictions associated with these contributions. Donated event space is valued at the estimated fair market 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. Donated services are valued at the estimated cost of those services if purchased in the open market. A summary of these contributed nonfinancial assets is as follows for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Donated goods	\$ 31,361	\$ 41,589
Donated services	11,820	-
Donated event space	7,506	12,200
	<u>\$ 50,687</u>	<u>\$ 53,789</u>

11. Fair Value Measurement:

The accounting guidance for fair value measurements establishes a fair value hierarchy to prioritize the inputs of valuation techniques used to measure fair value. Outlined below is the application of the fair value hierarchy established by the accounting guidance for fair value measurement to the Organization's assets that are carried at fair value:

- Level 1 - Inputs to the valuation methodology are quoted prices for identical assets in active markets.
- Level 2 - Inputs to the valuation methodology include quoted prices for similar assets in active markets and significant other observable inputs.
- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

UNITED WAY OF GREATER HIGH POINT, INC.

NOTES TO FINANCIAL STATEMENTS

11. Fair Value Measurement (Continued):

Assets measured at fair value on a recurring basis at June 30, 2024 and 2023 were as follows:

<u>Description</u>	<u>Assets at Fair Value as of June 30, 2024</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities:				
Mutual funds:				
Equity funds	\$ 2,248,243	\$ 2,248,243		
Fixed income funds	1,301,733	1,301,733		
Hedge funds	159,732	159,732		
Commodity funds	33,747	33,747		
	<u>\$ 3,743,455</u>	<u>\$ 3,743,455</u>		
<u>Description</u>	<u>Assets at Fair Value as of June 30, 2023</u>			
<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Equity securities:				
Mutual funds:				
Equity funds	\$ 1,964,912	\$ 1,964,912		
Fixed income funds	956,461	956,461		
Hedge funds	485,366	485,366		
Commodity funds	29,716	29,716		
	<u>\$ 3,436,455</u>	<u>\$ 3,436,455</u>		

The Organization's equity securities are measured at fair market value through reference to quoted market prices for identical assets in active markets. There were no significant transfers in or out of Levels 1, 2, or 3 during the years ended June 30, 2024 and 2023.

12. 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 \$42,300 and \$34,968, respectively, for the years ended June 30, 2024 and 2023.

13. Payments to Affiliated Organizations:

The Organization is an affiliate member of United Way Worldwide and United Way of North Carolina. Dues payments made to these affiliated organizations were as follows for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
United Way Worldwide	\$ 39,843	\$ 40,135
United Way of North Carolina	12,715	12,013
	<u>\$ 52,558</u>	<u>\$ 52,148</u>

14. Net Assets:

Net assets without donor restrictions consist of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Undesignated	\$ 2,838,285	\$ 2,826,740
Board designated:		
Building maintenance	64,017	57,627
	<u>\$ 2,902,302</u>	<u>\$ 2,884,367</u>

UNITED WAY OF GREATER HIGH POINT, INC.

NOTES TO FINANCIAL STATEMENTS

14. Net Assets (Continued):

A summary of net assets with donor restrictions is as follows as of June 30, 2024 and 2023:

	2024	2023
Time restricted	\$ 1,868,345	\$ 972,202
Purpose restricted:		
Backpack program	47,289	90,143
Women in Motion	290,328	222,574
Project Board Development	8,610	8,307
Services for children and families	1,364,689	1,277,368
CAN-Paign food drive	154,387	139,509
Miscellaneous programs	154,105	74,842
	\$ 3,887,753	\$ 2,784,945

Net assets with donor restrictions includes \$1,000,000 of investments in marketable securities that are to be held in perpetuity. These assets are included in the services for children and families program and have been designated by donors as being for permanent investment.

Net assets were released from restrictions by incurring expenses satisfying the restricted purpose or by the passage of time specified by the donors as follows for the years ended June 30, 2024 and 2023:

	2024	2023
Expiration of time restrictions	\$ 2,878,561	\$ 2,933,309
Satisfaction of purpose restrictions:		
Backpack program	190,920	196,076
Women in Motion	115,588	97,408
Project Board Development	2,239	546
Services for children and families	53,581	53,410
COVID-19 emergency funding	-	1,213
CAN-Paign food drive	84,447	19,171
Miscellaneous programs	29,562	21,596
	\$ 3,354,898	\$ 3,322,729

15. Leases:

The Organization leases certain office equipment under agreements that qualify as operating leases under ASC 842. The active lease agreements at June 30, 2024 provide for fixed payments ranging from \$279 to \$1,784 per month over fixed original terms ranging from 60 to 63 months. These lease agreements do not include renewal or extension options that the Organization is reasonably expected to exercise.

Total lease costs were comprised of operating lease expense and totaled \$23,718 and \$26,004, respectively, for the years ended June 30, 2024 and 2023.

Future minimum payments under these operating leases are as follows:

Year Ending June 30	Amount
2025	\$ 24,756
2026	24,756
2027	24,756
2028	21,408
2029	7,136
Total lease payments	102,812
Less, present value discount	7,515
	\$ 95,297

UNITED WAY OF GREATER HIGH POINT, INC.

NOTES TO FINANCIAL STATEMENTS

15. Leases (Continued):

A summary of the Organization's weighted average remaining lease term and discount rate for its operating leases are as follows at June 30, 2024 and 2023:

	2024	2023
Weighted average remaining lease term	4.30 years	2.00 years
Weighted average discount rate	3.25%	3.25%

16. Overhead Ratio:

The overhead ratio is equal to fundraising, management, and general expenses divided by total campaign support and all other revenue sources. The ratio is calculated below using the gross method recommended by United Way Worldwide in Functional Expenses and Overhead Reporting Guidelines for United Ways. The overhead ratio for the years ended June 30, 2024 and 2023 is as follows:

	2024	2023
Numerator:		
Supporting services and general	\$ 1,035,291	\$ 935,776
Denominator:		
Total support and other revenue	4,822,864	3,751,077
Allowance for uncollectible pledges	182,912	249,894
Amounts designated for specific agencies	522,368	495,547
Net investment return	(359,781)	(253,134)
Events and rental income	(10,576)	(7,950)
	\$ 5,157,787	\$ 4,235,434
Numerator/denominator expressed as a percentage	20.07%	22.09%

17. Employee Retention Tax Credit:

During the year ended June 30, 2022, the Organization determined that it was eligible for certain refund claims from the Internal Revenue Service (IRS) related to the employee retention tax credit (ERTC). These claims totaled \$194,616 and were formally submitted to the IRS in August 2023. The ERTC 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 has accounted for the ERTC as a conditional grant. While the conditions related to recognition are generally satisfied after eligibility determination and incurrence of the related personnel costs, the Organization has elected to not yet recognize the ERTC amounts in its financial statements due to the ongoing uncertainty regarding ultimate collectability. The Organization continues to assess the collectability of the ERTC and will recognize the amounts as contribution income when the uncertainties are resolved, and it is reasonably assured that the amounts will be collected.

18. Reclassification:

Certain accounts included in the June 30, 2023 financial statements have been reclassified to conform to the June 30, 2024 financial statement presentation.

UNITED WAY OF GREATER HIGH POINT, INC.

NOTES TO FINANCIAL STATEMENTS

19. Restatement of Prior Year Financial Statements:

During the year ended June 30, 2024, the Organization identified an error in previously-issued financial statements related to the accounting treatment of the ERTC, as described in Note 17. The error related to the improper recognition of accounts receivable and a refundable advances liability associated with the ERTC. As the ERTC had not yet been collected at June 30, 2023, and the conditions for recognition, along with related uncertainties, had not been satisfied, the accounts receivable and refundable advances should not have been included in the financial statements. A summary of these corrections, as reflected in the accompanying financial statements as of and for the year ended June 30, 2023, is as follows:

	<u>As Previously Reported</u>	<u>Corrections</u>	<u>As Corrected</u>
Statement of financial position:			
Accounts receivable	\$ 200,251	(\$ 194,616)	\$ 5,635
Refundable advances	194,616	(194,616)	-

20. Subsequent Events:

The Organization's management has evaluated all subsequent events through October 10, 2024, the date the financial statements were available to be issued. No events have been identified that would require adjustments of or disclosure in the accompanying financial statements.