**UNITED WAY OF GREATER CHARLOTTE, INC.**

**FINANCIAL STATEMENTS AND ACCOMPANYING INFORMATION**

**YEARS ENDED JUNE 30, 2023 AND 2022**

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**UNITED WAY OF GREATER CHARLOTTE, INC.**
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**YEARS ENDED JUNE 30, 2023 AND 2022**

# INDEPENDENT AUDITORS' REPORT

Board of Directors
United Way of Greater Charlotte, Inc.
Charlotte, North Carolina

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the accompanying financial statements of United Way of Greater Charlotte, Inc. (the 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 the Organization 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Organization 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 the Organization's ability to continue as a going concern for one year after the date 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 GAAS and *Government 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 GAAS and *Government 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 the Organization'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 the Organization'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.

***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Supplemental Schedule of Management Calculation of Overhead Rate (Non-GAAP Calculation) is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

Charlotte, North Carolina
December 7, 2023

**UNITED WAY OF GREATER CHARLOTTE, INC.**
**STATEMENTS OF FINANCIAL POSITION**
**JUNE 30, 2023 AND 2022**

| | 2023 | 2022 |
|---|---|---|
| **ASSETS** | | |
| Cash and Cash Equivalents | $ 5,982,796 | $ 7,580,382 |
| Campaign Promises to Give | 4,029,335 | 4,452,312 |
| Less: Allowance for Uncollectible Promises to Give | (428,070) | (555,663) |
| Campaign Promises to Give, Net | 3,601,265 | 3,896,649 |
| Grants Receivable | 1,273,597 | 1,965,423 |
| Government Receivables | 3,307,776 | 2,402,661 |
| Other Receivables | 148,397 | 170,092 |
| Prepaid Expenses and Other Assets | 26,979 | 77,444 |
| Investments | 12,877,707 | 11,865,164 |
| Right of Use Asset - Operating | 2,639,540 | - |
| Property and Equipment, Net | 583,222 | 707,481 |
| Total Assets | $ 30,441,279 | $ 28,665,296 |
| **LIABILITIES AND NET ASSETS** | | |
| **LIABILITIES** | | |
| Accounts Payable | $ 450,968 | $ 1,101,941 |
| Accrued Compensation | 235,453 | 190,563 |
| Other Liabilities and Accrued Expenses | 116,837 | 388,425 |
| Campaigns Processed for Others, Net | 140,707 | 185,845 |
| Grants Payable | 3,889,170 | 4,526,478 |
| Due to Designated Agencies | 207,000 | 343,660 |
| Right of Use Lease Liability - Operating | 2,639,540 | - |
| Realized and Unrealized Gains (Losses) | 134,446 | 155,130 |
| Total Liabilities | 7,814,121 | 6,892,042 |
| **NET ASSETS** | | |
| Without Donor Restrictions: | | |
| Board Designated | 1,346,254 | 1,301,433 |
| Undesignated | 17,559,095 | 17,071,223 |
| Total Without Donor Restrictions | 18,905,349 | 18,372,656 |
| With Donor Restrictions: | | |
| Subject to Passage of Time | 1,813,419 | 1,709,856 |
| Subject to Purpose Restrictions | 636,419 | 545,997 |
| Endowments | 1,271,971 | 1,144,745 |
| Total With Donor Restrictions | 3,721,809 | 3,400,598 |
| Total Net Assets | 22,627,158 | 21,773,254 |
| Total Liabilities and Net Assets | $ 30,441,279 | $ 28,665,296 |

*See accompanying Notes to Financial Statements.*

## UNITED WAY OF GREATER CHARLOTTE, INC.
## STATEMENT OF ACTIVITIES
## YEAR ENDED JUNE 30, 2023

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| **REVENUES AND OTHER SUPPORT** | | | |
| Additional 2021 Campaign Revenue | $ 1,061,854 | $ - | $ 1,061,854 |
| Less: Donor Designations | - | - | - |
| Net Additional 2021 Campaign Revenue | 1,061,854 | - | 1,061,854 |
| Gross 2022 Campaign Revenue | 8,186,163 | 300,000 | 8,486,163 |
| Less: Donor Designations | (1,230,031) | - | (1,230,031) |
| Less: Provision for Uncollectibles | (492,077) | - | (492,077) |
| Net 2022 Campaign Revenue | 6,464,055 | 300,000 | 6,764,055 |
| Gross 2023 and Future Campaigns Revenue | - | 232,896 | 232,896 |
| Less: Provision for Uncollectibles | - | (11,645) | (11,645) |
| Net 2023 and Future Campaigns Revenue | - | 221,251 | 221,251 |
| Designations from Other United Ways | 58,851 | - | 58,851 |
| Grants and Contributions | 197,128 | 2,029,609 | 2,226,737 |
| Government Grants | - | 7,682,320 | 7,682,320 |
| Sponsorships | 851,675 | 79,344 | 931,019 |
| Administrative Services | 32,617 | - | 32,617 |
| Investment Return, Net | 927,970 | 177,226 | 1,105,196 |
| Contributions of Nonfinancial Assets | 220,491 | - | 220,491 |
| Other Revenues | 115,495 | - | 115,495 |
| Net Assets Released From Restrictions: | | | |
| Realized and Unrealized Gains (Losses) | 717,688 | (717,688) | - |
| Satisfaction of Purpose Restrictions | 9,450,851 | (9,450,851) | - |
| Total Revenues and Other Support | 20,098,675 | 321,211 | 20,419,886 |
| **EXPENSES** | | | |
| Program Services: | | | |
| Community Investment | 7,338,049 | - | 7,338,049 |
| Government Programs | 7,857,234 | - | 7,857,234 |
| Other Programs | 1,162,148 | - | 1,162,148 |
| Supporting Services: | | | |
| Fundraising | 1,807,942 | - | 1,807,942 |
| Management and General | 1,400,609 | - | 1,400,609 |
| Total Expenses | 19,565,982 | - | 19,565,982 |
| **CHANGE IN NET ASSETS** | 532,693 | 321,211 | 853,904 |
| Net Assets - Beginning of Year | 18,372,656 | 3,400,598 | 21,773,254 |
| **NET ASSETS - END OF YEAR** | $ 18,905,349 | $ 3,721,809 | $ 22,627,158 |

*See accompanying Notes to Financial Statements.*

**UNITED WAY OF GREATER CHARLOTTE, INC.**
**STATEMENT OF ACTIVITIES**
**YEAR ENDED JUNE 30, 2022**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| **REVENUES AND OTHER SUPPORT** | | | |
| Additional 2020 Campaign Revenue | $ 1,513,140 | $ - | $ 1,513,140 |
| Less: Donor Designations | - | - | - |
| Net Additional 2020 Campaign Revenue | 1,513,140 | - | 1,513,140 |
| Gross 2021 Campaign Revenue | 10,747,532 | - | 10,747,532 |
| Less: Donor Designations | (968,914) | - | (968,914) |
| Less: Provision for Uncollectibles | (553,861) | - | (553,861) |
| Net 2021 Campaign Revenue | 9,224,757 | - | 9,224,757 |
| Gross 2022 and Future Campaigns Revenue | - | 505,431 | 505,431 |
| Less: Provision for Uncollectibles | - | (25,272) | (25,272) |
| Net 2022 and Future Campaigns Revenue | - | 480,159 | 480,159 |
| Designations from Other United Ways | 69,804 | - | 69,804 |
| Grants and Contributions | 529,245 | 1,472,194 | 2,001,439 |
| Government Grants | 610,558 | 7,587,770 | 8,198,328 |
| Sponsorships | - | 323,792 | 323,792 |
| Administrative Services | 59,101 | - | 59,101 |
| Investment Return, Net | (1,803,314) | (207,825) | (2,011,139) |
| Contributions of Nonfinancial Assets | 295,342 | - | 295,342 |
| Forgiveness of Debt | 614,088 | - | 614,088 |
| Other Revenues | 60,543 | - | 60,543 |
| Net Assets Released From Restrictions: | | | |
| Realized and Unrealized Gains (Losses) | 979,387 | (979,387) | - |
| Satisfaction of Purpose Restrictions | 7,898,784 | (7,898,784) | - |
| Total Revenues and Other Support | 20,051,435 | 777,919 | 20,829,354 |
| **EXPENSES** | | | |
| Program Services: | | | |
| Community Investment | 12,233,144 | - | 12,233,144 |
| Government Programs | 3,904,165 | - | 3,904,165 |
| Other Programs | 942,588 | - | 942,588 |
| Supporting Services: | | | |
| Fundraising | 1,622,707 | - | 1,622,707 |
| Management and General | 1,365,507 | - | 1,365,507 |
| Total Expenses | 20,068,111 | - | 20,068,111 |
| **CHANGE IN NET ASSETS** | (16,676) | 777,919 | 761,243 |
| Net Assets - Beginning of Year | 18,389,332 | 2,622,679 | 21,012,011 |
| **NET ASSETS - END OF YEAR** | $ 18,372,656 | $ 3,400,598 | $ 21,773,254 |

*See accompanying Notes to Financial Statements.*

# UNITED WAY OF GREATER CHARLOTTE, INC.
# STATEMENT OF FUNCTIONAL EXPENSES
# YEAR ENDED JUNE 30, 2023

| | Program Services | | | | Supporting Services | | | |
|---|---|---|---|---|---|---|---|---|
| | Community Investment | Governmental Programs | Other Programs | Total Program Services | Fundraising | Management and General | Total Supporting Services | Total |
| Salaries and Wages | $ 588,444 | $ 544,051 | $ 370,882 | $ 1,503,377 | $ 964,845 | $ 488,380 | $ 1,453,225 | $ 2,956,602 |
| Payroll Taxes | 60,747 | 45,085 | 23,649 | 129,481 | 74,839 | 32,701 | 107,540 | 237,021 |
| Employee Benefits | 154,874 | 40,764 | 47,557 | 243,195 | 148,805 | 80,024 | 228,829 | 472,024 |
| | 804,065 | 629,900 | 442,088 | 1,876,053 | 1,188,489 | 601,105 | 1,789,594 | 3,665,647 |
| Occupancy | - | - | 296,921 | 296,921 | 160,763 | 100,721 | 261,484 | 558,405 |
| Supplies and Materials | 55,036 | 38,186 | 91,501 | 184,723 | 80,001 | 72,060 | 152,061 | 336,784 |
| Outside Services | 196,430 | 662,637 | 171,001 | 1,030,068 | 108,290 | 557,585 | 665,875 | 1,695,943 |
| Grant Awards | 6,090,736 | 6,517,986 | - | 12,608,722 | - | - | - | 12,608,722 |
| Volunteer Expense | 97,287 | - | 8,313 | 105,600 | 5,006 | 967 | 5,973 | 111,573 |
| Events | 1,268 | 548 | 6,688 | 8,504 | 169,215 | 3,537 | 172,752 | 181,256 |
| Training and Development | 10,263 | 2,395 | 6,136 | 18,794 | 7,646 | 211 | 7,857 | 26,651 |
| Travel and Conferences | 15,285 | 5,582 | 3,852 | 24,719 | 6,440 | 2,769 | 9,209 | 33,928 |
| Dues and Subscriptions | 1,475 | - | 1,380 | 2,855 | 1,552 | 977 | 2,529 | 5,384 |
| Taxes, Licenses, and Fees | - | - | | - | - | - | - | - |
| Bad Debts | - | - | | - | - | - | - | - |
| UWW and UWNC Dues | 64,064 | - | 119,517 | 183,581 | 68,748 | 43,599 | 112,347 | 295,928 |
| Other | 2,140 | - | 14,751 | 16,891 | 11,792 | 17,078 | 28,870 | 45,761 |
| Total Expenses | $ 7,338,049 | $ 7,857,234 | $ 1,162,148 | $ 16,357,431 | $ 1,807,942 | $ 1,400,609 | $ 3,208,551 | $ 19,565,982 |

*See accompanying Notes to Financial Statements.*

# UNITED WAY OF GREATER CHARLOTTE, INC.
# STATEMENT OF FUNCTIONAL EXPENSES
# YEAR ENDED JUNE 30, 2022

| | Program Services | | | | Supporting Services | | | |
|---|---|---|---|---|---|---|---|---|
| | Community Investment | Governmental Programs | Other Programs | Total Program Services | Fundraising | Management and General | Total Supporting Services | Total |
| Salaries and Wages | $ 684,358 | $ 165,830 | $ 235,741 | $ 1,085,929 | $ 940,557 | $ 502,580 | $ 1,443,137 | $ 2,529,066 |
| Payroll Taxes | 55,430 | 14,664 | 16,388 | 86,482 | 73,908 | 37,322 | 111,230 | 197,712 |
| Employee Benefits | 107,393 | 9,910 | 33,745 | 151,048 | 147,956 | 101,849 | 249,805 | 400,853 |
| | 847,181 | 190,404 | 285,874 | 1,323,459 | 1,162,421 | 641,751 | 1,804,172 | 3,127,631 |
| Occupancy | - | - | 246,301 | 246,301 | 182,549 | 100,468 | 283,017 | 529,318 |
| Supplies and Materials | 15,825 | 4,303 | 34,910 | 55,038 | 30,257 | 47,432 | 77,689 | 132,727 |
| Outside Services | 345,057 | 29,448 | 179,331 | 553,836 | 132,372 | 513,332 | 645,704 | 1,199,540 |
| Grant Awards | 11,002,834 | 3,679,512 | 750 | 14,683,096 | 8,950 | 300 | 9,250 | 14,692,346 |
| Volunteer Expense | 80 | - | (202) | (122) | 2,700 | 1,333 | 4,033 | 3,911 |
| Events | 6,130 | 142 | 86,269 | 92,541 | 6,233 | 3,788 | 10,021 | 102,562 |
| Training and Development | 8,565 | 150 | 3,273 | 11,988 | 4,109 | 8,463 | 12,572 | 24,560 |
| Travel and Conferences | 4,321 | 206 | 2,288 | 6,815 | 6,145 | 1,883 | 8,028 | 14,843 |
| Dues and Subscriptions | 2,180 | - | 872 | 3,052 | 1,518 | 1,230 | 2,748 | 5,800 |
| Taxes, Licenses, and Fees | - | - | 71 | 71 | 59 | 73 | 132 | 203 |
| Bad Debts | - | - | - | - | - | (26,706) | (26,706) | (26,706) |
| UWW and UWNC Dues | - | - | 88,733 | 88,733 | 70,358 | 56,261 | 126,619 | 215,352 |
| Other | 971 | - | 14,118 | 15,089 | 15,036 | 15,899 | 30,935 | 46,024 |
| Total Expenses | $ 12,233,144 | $ 3,904,165 | $ 942,588 | $ 17,079,897 | $ 1,622,707 | $ 1,365,507 | $ 2,988,214 | $ 20,068,111 |

*See accompanying Notes to Financial Statements.*

**UNITED WAY OF GREATER CHARLOTTE, INC.**
**STATEMENTS OF CASH FLOWS**
**YEARS ENDED JUNE 30, 2023 AND 2022**

| | 2023 | 2022 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Change in Net Assets | $ 853,904 | $ 761,243 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities: | | |
| Depreciation | 124,259 | 126,466 |
| Forgiveness of Debt | - | (614,088) |
| Realized (Losses) Gains on Sale of Investments | 50,284 | (482,716) |
| Unrealized (Gain) Loss on Investments Held | (549,362) | 2,643,508 |
| Change in Value of Beneficial Interest in Assets | (245,418) | 430,155 |
| Changes in Operating Assets and Liabilities: | | |
| Campaign Promises to Give, Net | 295,384 | 627,753 |
| Grants Receivable | 691,826 | (990,423) |
| Other Receivables and Prepaid Expenses | (832,955) | (2,187,999) |
| Accounts Payable and Other Liabilities | (943,493) | (32,347) |
| Grants Payable | (637,308) | (1,067,344) |
| Due to Designated Agencies | (136,660) | (116,974) |
| Net Cash Used by Operating Activities | (1,329,539) | (902,766) |
| | | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Proceeds from Sales or Maturities of Investment Securities | 371,492 | 1,047,771 |
| Purchases of Investment Securities | (639,539) | (1,080,298) |
| Net Cash Used by Investing Activities | (268,047) | (32,527) |
| | | |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS** | (1,597,586) | (935,293) |
| | | |
| Cash and Cash Equivalents - Beginning of Year | 7,580,382 | 8,515,675 |
| | | |
| **CASH AND CASH EQUIVALENTS - END OF YEAR** | $ 5,982,796 | $ 7,580,382 |

*See accompanying Notes to Financial Statements.*

## NOTE 1 ORGANIZATION

**Organization and Purpose**

United Way of Greater Charlotte, Inc. (the Organization or United Way) is a nonprofit corporation organized under the laws of the state of North Carolina for purpose of supporting the health and human service needs of individuals within Anson, Cabarrus, Mecklenburg, and Union counties (the four-county region).

The Organization works to find fresh solutions to solve economic mobility and racial equity, working hand-in-hand with neighborhoods and grassroots nonprofits. United Way invests in over 140 nonprofit agencies and initiatives that are building stronger neighborhoods, advancing racial equity and economic mobility, and providing a safety net for those who need it most.

The Organization's program services include:

**Community Investment Process**

United Way supports a broad range of nonprofits working across the Social Determinants of Health. A two-generation approach supports the entire family by focusing on the needs of both the parent and the child. Each year, United Way allocates funding to nonprofits in our four county region.

Each county selects the funding priorities most important to their community. Anson County provides funding to organizations focused on economic stability and access to education. Cabarrus County provides funding to organizations working collaboratively to promote mental wellness. Union County provides funding to organizations focused on economic stability, access to education, and access to healthcare. Mecklenburg County provides funding through two primary initiatives.

1. *United Neighborhoods* – Works to change the odds for those in the most under-resourced neighborhoods by supporting community-driven holistic neighborhood transformation and revitalization efforts.

   United Way launched United Neighborhoods in September 2017 with a multi-year investment into the Grier Heights and Renaissance West neighborhoods in Charlotte. In 2022, United Way expanded the initiative to a third neighborhood: Lakeview. In 2023, United Way continued expanding United Neighborhoods, investing in 50 neighborhoods in and around the City of Charlotte's Corridors of Opportunity, and in North Mecklenburg County. The initiative focuses on partnerships with residents, community leaders, businesses, and nonprofits, backed by multi-year funding and staff resources from United Way.

   Five additional neighborhoods received smaller, block-building grants designed to increase their capacity to assist their neighbors and develop neighborhood leaders.

## NOTE 1 ORGANIZATION (CONTINUED)

### Community Investment Process (Continued)

2. *Unite Charlotte* – Supports new and grassroots organizations through grants and capacity-building activities focused on improving racial equity and increasing social capital.

   The effort, launched in 2017, is a collaborative effort with other local funders and community leaders to address issues that led to the unrest in Charlotte during the fall of 2016. United Way funds 55 grassroots nonprofits founded and led by people of color and offers capacity building programming designed to support the nonprofits' organizational growth.

Nonprofit agencies receive funding over the course of a 12-month grant cycle. To be eligible for funding, agencies must submit an application that includes organizational and/or programmatic goals. Programmatic goals are linked to United Way's impact framework, which is itself informed by the Social Determinants of Health. In addition, each nonprofit completes an annual financial certification process. Through this discipline, agencies work toward continuous quality improvement so that they may make measurable and lasting change in the lives of the people they serve.

### Government Programs

During the fiscal year ended June 30, 2023, United Way administered various government funded programs, coordinating the collaborative work of agencies working to move those experiencing or at risk of homelessness into housing.

### Volunteerism

United Way's volunteer engagement efforts align with the overall strategic direction of the organization by focusing on generating real impact for our partner nonprofit agencies and raising revenue to further our mission. Skill-based volunteering and fee-for-service managed projects are the primary areas of emphasis. Through our website we do offer referrals for individuals, groups or companies looking for volunteer opportunities and encourage them to make arrangements directly with those agencies listed.

United Way also engages volunteers through board/committee and community impact volunteer opportunities.

### NC 2-1-1

NC 2-1-1 is a service provided by the United Way of North Carolina. NC 2-1-1 is North Carolina's resource for free information and referral services regarding health and human services resources. NC 2-1-1 has a database of over 19,000 resources, including food pantries, homeless shelters, utility and rent assistance funds, health clinics, prescription assistance programs, counseling and substance abuse services, childcare resources, senior resources, resources for persons with disabilities, and much more.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Presentation

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). Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

*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/or 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; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where-by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

### Adoption of New Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) *2016-02, Leases (ASC 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent of 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 United Way adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption.

The United Way has elected to adopt the package of practical expedients available in the year of adoption. The United Way has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the United Way’s ROU assets.

As a result of the adoption of the new lease accounting guidance, the United Way recognized on July 1, 2022, a lease liability of approximately $2,748,000, which represents the present value of the remaining operating lease payments of approximately $3,638,000, discounted using the United Way’s risk-free rate of 3.35%, and a right-of-use asset of approximately $2,748,000.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Adoption of New Accounting Pronouncements (Continued)

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

### Use of Estimates

The preparation of a financial statement in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, and disclosures. Accordingly, the actual amounts could differ from those estimates and such differences could be material.

### Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

### Campaign Promises to Give and Allowances for Uncollectible Promises to Give

Annual campaign pledge contributions receivable are generally paid in one year. The Organization provides an allowance for uncollectible promises to give based on historical write-off percentages at the time campaign results are recorded. This estimated allowance is periodically adjusted based on campaign collection trends. A campaign is officially closed for accounting purposes, and the final uncollectible amount determined, in the year following the year the workplace campaign collections begin. Any difference in the actual campaign collection results compared with the estimates previously recorded is reflected in the statements of functional expenses and the statements of activities.

### Contributions and Support

Contributions received are recorded as net assets with or without donor restrictions depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are released to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Conditional contributions with conditions met in the same reporting period in which they are received are reported as unconditional contributions.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Grant Awards

Grant awards are evaluated by management and determined to be unconditional contributions, exchange transactions, or conditional contributions. If considered to be an unconditional contribution, revenue from grants is recorded upon notification of the award. If considered to be an exchange transaction, revenue from grants is recorded as expenses are incurred under the terms of the respective grant agreement. If considered to be a conditional contribution, revenue from grants is recorded at the time the conditions on which they depend have been met.

A portion of the Organization's revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received or receivable are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Any amounts received prior to incurring qualifying expenditures would be reported as refundable advances in the statement of financial position. The Organization received cost-reimbursable grants that have not been recognized of approximately $1,830,000 and $1,939,000 for the years ended June 30, 2023 and 2022, respectively, because qualifying expenditures have not yet been incurred. No advance payments have been received.

A portion of the Organization's revenue is from fee-for-service arrangements. Management recognizes revenue from fee-for-service arrangements as services are provided at a point in time. Fees collected in advance of the completion of these services are reported as unearned revenue on the statements of financial position. Revenue is recorded at the transaction price, which does not include any price concessions. Sponsorship revenue is recognized when the event is held. Sponsorships are billed when contracts are signed, as a result, the Organization records deferred revenue and accounts receivable for any amounts for which the Organization has a right to invoice for which the events have not been held.

### Investments

Investments are recorded at fair value. Investment return consists of interest and dividends and realized and unrealized gains and losses, net of investment expenses.

### Property and Equipment, Net

Property and equipment is recorded at cost, if purchased, and at estimated fair value at the date of receipt, if donated. The Organization capitalizes assets that have a value or cost of $1,000 or greater at the date of acquisition and an estimated useful life of more than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. The cost and any accumulated depreciation related to assets sold or retired is removed from the accounts, and any resulting gain or loss is included in the determination of the change in net assets. Donated property is reported as support without donor restrictions unless the donor restricts the donated asset to a specific purpose. The estimated useful lives of assets 5 to 10 years for furniture and equipment and over the lease term for leasehold improvements.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Designated Pledges

The Organization accepts donor pledges that are designated to certain other 501(c)(3), health and human service organizations. Donor designated pledges that are raised, processed, and distributed are assessed an administrative fee. The administrative fee cannot exceed the calculation as prescribed by the *United Way Worldwide Cost Deduction Requirement for Membership Standard M.* This calculation is based on actual historical costs. Designated pledges that United Way does not process and for which no administrative fee is received (pay-direct designations) are not reported in the statement of activities.

### Contributed Nonfinancial Assets

The United Way recognized contributed nonfinancial assets within revenue, including donated services and use of facilities, as further described below. Contributed nonfinancial assets did not have donor-imposed restrictions.

### Donated Services and Use of Facilities

The United Way recognizes contributed services as revenue and expense if such services meet the criteria for recognition under U.S. GAAP. For the years ended June 30, 2023 and 2022, donated services consisted of donated legal services, advertising, and use of facilities (i.e. office space rent received at a reduced rate).

### Donated Goods and Services

During the years ended June 30, 2023 and 2022, the Organization received occupancy rent credits in the estimated fair value amounts of approximately $220,000 and $191,000, respectively, from its landlord, Ascend Nonprofit Solutions, Inc. (formerly Children and Family Service Center, Inc.) (Ascend). The estimated fair value is based on comparable rental rates in the local real estate market. These credits are approved by Ascend on an annual basis and are recorded as in-kind revenue and expense in the period in which they are received. Because there are numerous factors used in determining the rental rates each period, the Organization is unable to estimate the amount of below market rent for future periods. Accordingly, no receivable has been recorded in the accompanying statements of financial position for below market rent.

During the year ended June 30, 2022, the Organization received donated advertising in the estimated fair value amounts of approximately $78,000. The estimated fair value is based on estimated rates that the Organization would have incurred if it had directly purchased the advertising services.

During the year ended June 30, 2022, the Organization received donated professional services related to services on a construction project in the estimated amount of approximately $26,000. These contributed services are valued and reported at the estimated fair value in the financial statements based on current rates for similar legal services.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Donated Goods and Services (Continued)

In addition to the donated goods above, a number of volunteers, including members of the board of directors and its committees as well as various volunteer assistants, contribute significant amounts of time to further the Organization's programs. The value of this contributed time does not meet the criteria for recognition of contributed services and, accordingly, is not reflected as support in the accompanying financial statements.

### Fair Value of Financial Instruments

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

*Level 1* – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

*Level 2* – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

*Level 3* – Inputs that are unobservable for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

### Income Taxes

United Way of Greater Charlotte, Inc. is a nonprofit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. The Organization is not aware of any activities that are subject to tax on unrelated business income or excise or other taxes. Accordingly, no provision for income taxes is required in the financial statements.

The Organization's income tax returns are subject to review and examination by federal, state, and local authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Income Taxes (Continued)

U.S. GAAP requires the Organization to recognize a tax benefit or expense from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the tax authorities, based on the technical merits of the position. Management believes the Organization had no uncertain tax positions as of June 30, 2023 and 2022.

### Functional Expense Classification

The Organization’s functional expense classification and allocation policy is based on United Way Worldwide functional expense and overhead reporting standards, a review of the current organizational structure and the identification, reclassification, and allocation of certain employee, facility, and departmental expenses, which serve multiple functional areas. The supplemental schedule of management calculation of overhead rate is presented for purposes of additional analysis and is not a required part of the basic financial statements.

### Reclassifications

Certain amounts in the 2022 financial statements have been reclassified to conform to the 2023 presentation, with no effect on the previously reported net assets or change in net assets.

### Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 7, 2023, the date the financial statements were available to be issued.

## NOTE 3 LIQUIDITY AND AVAILABILITY OF RESOURCES

The table below represents financial assets available for general expenditures within one year at June 30, 2023 and 2022:

| | 2023 | 2022 |
|---|---|---|
| Financial Assets at Year-End: | | |
| Cash and Cash Equivalents | $ 5,982,796 | $ 7,580,382 |
| Campaign Promises to Give, Net | 3,601,265 | 3,896,649 |
| Grants Receivable | 1,273,597 | 1,965,423 |
| Government Receivables | 3,307,776 | 2,402,661 |
| Other Receivables | 148,397 | 170,092 |
| Investments | 12,877,707 | 11,865,164 |
| Total Financial Assets at Year-End | 27,191,538 | 27,880,371 |
| Less: Amounts Not Available to be Used for General Expenditures Within One Year: | | |
| Campaigns Processed for Others, Net | 140,707 | 185,845 |
| Due to Designated Agencies | 207,000 | 343,660 |
| Board Quasi-Endowments | 1,346,254 | 1,301,433 |
| Purpose and Time Restrictions | 2,449,838 | 2,255,853 |
| Endowment Funds Held in Perpetuity Including Accumulated Earnings | 1,271,971 | 1,144,745 |
| Financial Assets Not Available to be Used Within One Year | 5,415,770 | 5,231,536 |
| Total Net Financial Assets Available to Meet General Expenditures Within One Year | $ 21,775,768 | $ 22,648,835 |

As part of the Organization’s liquidity management plan, it structures its financial assets to be available as its obligations come due. Cash is held in interest-bearing bank accounts and cash in excess of daily requirements may be invested. Board quasi-endowments may be drawn upon, if necessary, to meet unexpected liquidity needs. The Organization considers all expenditures related to its ongoing mission-related activities as well as services necessary to support those activities to be general expenditures.

## NOTE 4 CAMPAIGN PROMISES TO GIVE, NET

Campaign promises to give at June 30, 2023 and 2022 consisted of the following:

| | 2023 | 2022 |
|---|---|---|
| Campaign Promises to Give, 2023/2024 Campaign | $ 436,901 | $ - |
| Campaign Promises to Give, 2022/2023 Campaign | 3,284,076 | 529,000 |
| Campaign Promises to Give, 2021/2022 Campaign | 25,875 | 3,547,238 |
| Campaign Promises to Give, 2020/2021 Campaign | 82,483 | 137,843 |
| Campaign Promises to Give, 2019/2020 Campaign | - | 38,231 |
| Campaign Promises to Give, 2018/2019 Campaign | 200,000 | 200,000 |
| Total Campaign Promises to Give | 4,029,335 | 4,452,312 |
| Less: Allowance for Uncollectible Promises to Give | (428,070) | (555,663) |
| Total Campaign Promises to Give, Net | $ 3,601,265 | $ 3,896,649 |

A portion of these receivables are recorded as restricted support in the accompanying statements of activities as they are multi-year gifts and not expected to be collected within the standard campaign cycle. These gifts are expected to be collected as follows:

| Year Ending June 30, | Amount |
|---|---|
| 2024 | $ 261,399 |
| 2025 | 96,000 |
| 2026 | 75,000 |
| 2027 | 75,000 |
| Total | $ 507,399 |

Management calculated the discount on receivables and determined it to be immaterial to the financial statements. Accordingly, no discount on campaign promises has been recorded for the years ended June 30, 2023 and 2022.

## NOTE 5 INVESTMENTS

Investments at June 30, 2023 and 2022 consisted of the following:

| | 2023 | 2022 |
|---|---|---|
| Cash and Money Market Funds | $ 20,010 | $ 84 |
| Mutual Funds: | | |
| Balanced Global Funds | 2,670,693 | 1,360,071 |
| Domestic Fixed Income Funds | 2,504,507 | 2,449,289 |
| International Equity Funds | 822,139 | 738,112 |
| Domestic Large Cap Equity Funds | 3,133,515 | 3,613,087 |
| Domestic Mid Cap Equity Funds | 717,016 | 627,153 |
| Domestic Small Cap Equity Funds | 391,602 | 631,190 |
| Beneficial Interest in Assets Held by United Way Legacy Foundation at the Foundation For The Carolinas (FFTC) | 2,618,225 | 2,446,178 |
| Total Investments | $ 12,877,707 | $ 11,865,164 |

The Organization’s investments are exposed to various risks such as interest rate, market, liquidity, and credit risk. Due to the current and potential future volatility in the financial markets, it is possible that changes in the investment values and liquidity could occur in the near term and could materially affect the reported investment values in the accompanying statements of financial position.

The following is a summary of investment return and losses for the years ended June 30:

| | 2023 | 2022 |
|---|---|---|
| Interest and Dividends | $ 360,700 | $ 579,611 |
| Change in Value of Beneficial Interest in Assets | 245,418 | (430,155) |
| Net Change in Fair Value of Investments, Including Realized and Unrealized Gains (Losses) | 499,078 | (2,160,792) |
| Interest Earned on Cash Deposits and Certificates of Deposit | - | 197 |
| Total Investment Return (Losses), Net | $ 1,105,196 | $ (2,011,139) |

### United Way Legacy Foundation

The Organization has established an endowment that is administered by the United Way Legacy Foundation (Legacy Foundation), a supporting organization of Foundation For The Carolinas (FFTC). The Board established the endowed account for contributions from donors required to be maintained in perpetuity. Earnings on the funds are available for spending annually, in accordance with the Legacy Foundation’s spending policy. The endowed assets are reported at fair value and are included in investments in the accompanying statement of financial position. The endowed assets, including gains and losses, are recorded as net assets without donor restrictions. The fair value of the endowed assets at June 30, 2023 and 2022 and changes in the endowment net assets are presented in Notes 15 and 16.

## NOTE 5 INVESTMENTS (CONTINUED)

**Donor-Restricted Endowment Funds**

The Organization also holds beneficial interests in certain trusts that are administered by FFTC. The Organization has the irrevocable right to receive income earned on the trust assets; however, the Organization will not receive the assets held in the trust, which are invested in perpetuity. The beneficial interests in the trusts are valued at the fair value of the assets held in the trust and are included in investments in the accompanying statement of financial position. Changes in the fair value of the assets held in trust are recorded as net assets with or without donor restrictions in accordance with donor stipulations. Reclassifications into net assets without donor restrictions are made as distributable income is released from restriction. The fair value of the endowed assets at June 30, 2023 and 2022 and changes in the endowment net assets are presented in Notes 15 and 16.

The Legacy Foundation and donor-restricted endowment funds are held at FFTC and invested in professionally managed pooled funds of common stock equities, bonds, and other fixed income investments, which are subject to fluctuations in market values and expose the Organization to a certain degree of interest and credit risk.

The FFTC fund managers invest in private investment funds as part of the asset allocation, as an alternative investment strategy, with the purpose of increasing the diversity of the holdings and being consistent with the overall investment objectives. The private investment funds are not traded on an exchange and, accordingly, investments in such funds may not be as liquid as investments in marketable equity or debt securities.

The private investment funds may invest in other private investment funds, equity, or debt securities which may or may not have readily available fair values, and foreign exchange or commodity forward contracts. Management of FFTC relies on various factors to estimate the fair value of these investments and believes its processes and procedures for valuing investments are effective and that its estimate of value is reasonable. However, the factors used by management are subject to change in the near term and, accordingly, investment values and performance can be affected. The effect of these changes could be material to the accompanying financial statements.

## NOTE 6 PROPERTY AND EQUIPMENT, NET

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

| | 2023 | 2022 |
|---|---|---|
| Buildings, Building Improvements, and Leasehold Improvements | $ 796,505 | $ 796,505 |
| Furniture and Equipment | 630,959 | 631,959 |
| Total | 1,427,464 | 1,428,464 |
| Less: Accumulated Depreciation | (844,242) | (720,983) |
| Property and Equipment, Net | $ 583,222 | $ 707,481 |

## NOTE 7 NOTE PAYABLE

In March 2021, the Organization entered into an unsecured promissory note (Note) with a lender in the amount of approximately $614,000 under the Paycheck Protection Program (PPP) established by section 1102 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and as implemented and administered by the Small Business Administration (SBA). Under the terms of the Note it bears an interest rate of 1.0% and matures in March 2026, the fifth anniversary of the date the Note was funded. Ten months after the covered period of 24 weeks, the first monthly installment of $13,772 will be due. In December 2021, the SBA formally forgave the Organization’s obligation under this PPP Loan, and as such, the Organization recognized approximately $618,000 as forgiveness of debt, comprised of approximately $614,000 related to principal and approximately $4,000 related to accrued interest, on the accompanying statement of activities for the year ended June 30, 2022.

The SBA may review funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with any certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization’s financial position.

## NOTE 8 PRIORITY CREDIT LINE

During the year ended June 30, 2023, the Organization entered into a Priority Credit Line (PCL) with a financial institution that holds a portion of the Organization’s investments. The Organization has pledged the investments held by the institution as a guaranty if the Organization were to draw credit on the PCL. The maximum amount of credit that may be extended on the PCL is based on eligible securities held at the institution ranging from 60% to 90% of security type held. There is no stated maturity date or interest rate on the PCL. No amounts have been borrowed on the PCL as of June 30, 2023.

## NOTE 9 BOARD-DESIGNATED NET ASSETS

Net assets without donor restrictions also include board-designated net assets to be used for a specific purpose. At June 30, 2023 and 2022, net assets without donor restrictions of approximately $1,346,000 and $1,301,000, respectively, were designated for endowment purposes. Earnings on the funds are available for spending annually in accordance with the Organization’s spending policy (see Note 16).

## NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2023 and 2022, have been restricted by the donors for the following purposes:

| | 2023 | 2022 |
|---|---|---|
| Subject to Passage of Time: | | |
| Campaign Contributions Promised or Received in Advance | $ 680,851 | $ 801,531 |
| Foundation Grants | 1,066,666 | 833,333 |
| Lease Receivable | 65,902 | 74,992 |
| Total Subject to the Passage of Time | 1,813,419 | 1,709,856 |
| Subject to Purpose Restrictions: | | |
| Coordinated Entry Project | 45,772 | 45,772 |
| Community Food Security Initiatives | 59,167 | 59,167 |
| Publix Last Resort Fund | 9,539 | 21,399 |
| United Neighborhoods | 284,596 | 200,000 |
| Racial Equity Training | 55,762 | 46,100 |
| Playground Build | 22,500 | 14,500 |
| Community Organizing Training | 12,657 | 147,144 |
| Board Training | 1,632 | 6,915 |
| Funder Collaborative | 6,400 | 5,000 |
| Americorps | 100,000 | - |
| EY Digital Divide | 38,394 | - |
| Total Subject to Purpose Restrictions | 636,419 | 545,997 |
| Endowments | | |
| Accumulated Earnings on Endowment Assets | 413,750 | 293,599 |
| Giles Endowment | 100,000 | 100,000 |
| Realized and Unrealized Gains (Losses) | 308,507 | 300,000 |
| McIntyre Legacy Endowment | 429,007 | 430,439 |
| Rutledge Endowment | 20,000 | 20,000 |
| Mattison-Boyd Endowment | 707 | 707 |
| Total Endowments | 1,271,971 | 1,144,745 |
| Total Net Assets with Donor Restrictions | $ 3,721,809 | $ 3,400,598 |

## NOTE 11 NET ASSETS RELEASED FROM RESTRICTION

Net assets released from donor restrictions by the expiration of time restrictions or by incurring expenses in satisfaction of purpose restrictions for the years ended June 30, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|---|---|---|
| Expiration of Time Restrictions: | | |
| Campaign Contributions Promised | $ 341,931 | $ 446,812 |
| Foundation Grants | 366,667 | 516,667 |
| Lease Receivable | 9,090 | 15,908 |
| Total Satisfaction of Time Restrictions | 717,688 | 979,387 |
| Subject to Purpose Restrictions: | | |
| Playground Build | 67,344 | 69,000 |
| Community Organizing Training | 134,486 | 92,856 |
| Publix Last Resort Fund | 34,449 | 35,606 |
| Unite Charlotte | 3,327,169 | 3,212,500 |
| Home for All | 201,000 | - |
| Violence Reduction Contract - SAFE Charlotte | 100,000 | 580,738 |
| Digital Divide | 92,991 | - |
| Emergency Housing Contract - Emergency Solutions Grant - CARES Act (ESG-CV) | 1,733,340 | 3,778,679 |
| Emergency Housing Contract - HOME Investment Partnerships Program - American Rescue Plan (HOME-ARP) | 2,549,503 | - |
| United Neighborhoods | 1,097,081 | - |
| Racial Equity Training | 4,973 | 75,467 |
| Other | 108,515 | 53,938 |
| Total Satisfaction of Purpose Restrictions | 9,450,851 | 7,898,784 |
| Realized and Unrealized Gains (Losses) | $ 10,168,539 | $ 8,878,171 |

## NOTE 12 CONCENTRATIONS

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of unsecured campaign contributions promised. The Organization’s ability to collect these campaign contributions promised is directly affected by economic conditions in the community from which it draws support. The top five donors contributed approximately 9% and 11% of campaign revenue during the years ended June 30, 2023 and 2022, respectively. The top five donors make up approximately 24% and 9% of the campaign promises to give balances as of June 30, 2023 and 2022, respectively.

## NOTE 12 CONCENTRATIONS (CONTINUED)

The Organization places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation (FDIC) covers $250,000 for substantially all depository accounts. The Organization frequently has amounts on deposit in excess of the insured limits. The Organization had approximately $5,702,000 and $7,324,000 of cash and cash equivalents in excess of these insured amounts at June 30, 2023 and 2022, respectively.

## NOTE 13 BENEFIT PLAN

The Organization sponsored a defined contribution plan under which eligible employees may participate. Employees may defer a portion of their annual compensation pursuant to Section 403(b) of the Internal Revenue Code. Upon an eligible employee's completion of minimum service requirements, the Organization matches 100% of each employee's contribution up to a maximum of 3% of eligible compensation. In January 2023, the Organization began participating in a 401(k) plan administered by Ascend, a defined contribution retirement savings plan. The plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Upon an eligible employee's completion of minimum service requirements, the Organization matches 100% of the first 1% of each employee's contribution and 50% of the next 5% of employee's contributions. The Organization made contributions to these plans of approximately $107,000 and $87,000 for the years ended June 30, 2023 and 2022, respectively.

## NOTE 14 LEASES

The Organization has determined that it has one operating lease that is material to the financial statements, which is included as operating ROU asset and operating lease liability in the accompanying statements of financial position. ROU asset represents the Organization's right to use leased assets over the term of the lease. Lease liability represents the Organization's contractual obligation to make lease payments and are measured at the present value of future lease payments over the lease term.

As of June 30, 2023, maturities of lease liability for the lease is as follows:

| Year Ending June 30, | Amount |
|---|---|
| 2024 | $ 207,874 |
| 2025 | 207,874 |
| 2026 | 207,874 |
| 2027 | 207,874 |
| 2028 | 207,874 |
| Thereafter | 2,390,553 |
| Total Undiscounted Cash Flows | 3,429,923 |
| Less: Present Value Discount | (790,383) |
| Total | $ 2,639,540 |

## NOTE 14 LEASES (CONTINUED)

The individual lease contract does not provide information about the discount rate implicit in the lease. The Organization uses the risk-free weighted-average borrowing rate of 3.35% to determine the present value of the future lease payments. Lease term may include renewal or extension options to the extent they are reasonably certain to be exercised. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. Total lease expense for the year ended June 30, 2023 was approximately $199,000.

The lease liability will continue to be impacted by new leases, lease modifications, lease terminations, and reevaluations of any new facts and circumstances. As of June 30, 2023, the weighted average lease term remaining that is included in the maturities of the right-of-use lease liabilities is 16.5 years. The weighted average discount rate used for operating lease was 2.80% as of June 30, 2023. The total cash paid for operating leases during the year ended June 30, 2023 was approximately $208,000.

The Organization elected to apply the provisions of FASB ASC 842 to 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, 2022, are made under prior lease guidance in FASB ASC 840.

The Organization leases office space under a ten-year agreement with Ascend, a nonprofit organization created to construct and maintain an office building (the Building) to house Charlotte nonprofit agencies serving children and families in a central location at an affordable rate. The lease agreement also includes use of certain furniture, storage space, telephone system, computer equipment, and information technology and other collaborative services. The lease expires on January 31, 2029, and is renewable for three additional 10-year periods. Lease payments may be changed at the Ascend's discretion.

The Organization signed an agreement dated October 20, 2020, to lease space with an entity at no cost to the Organization through September 30, 2030. Because the Organization has exclusive use of the space at an amount below fair market value, the Organization recorded a lease receivable and a restricted contribution of approximately $91,000, the fair value of the space. The lease receivable is amortized to rent expense on a straight-line basis over the life of the lease.

## NOTE 14 LEASES (CONTINUED)

Aggregate future minimum lease payments for all leases as of June 30, 2022, are as follows:

| Year Ending June 30, | Amount |
|---|---|
| 2023 | $ 219,485 |
| 2024 | 218,016 |
| 2025 | 211,663 |
| 2026 | 207,874 |
| 2027 | 207,874 |
| Thereafter | 519,686 |
| Total | $ 1,584,598 |

Rental expense under the lease agreements was approximately $365,000 for the year ended June 30, 2022.

## NOTE 15 FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. For additional information on how the Organization measures fair value refer to Note 2 – Summary of Significant Accounting Policies. The following table presents the fair value hierarchy for the balances of the assets the Organization measured at fair value on a recurring basis as of June 30:

| As of June 30, 2023: | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Investments: | | | | |
| Mutual Funds | $ 10,239,472 | $ - | $ - | $ 10,239,472 |
| Beneficial Interest in Assets | - | - | 2,618,225 | 2,618,225 |
| | $ 10,239,472 | $ - | $ 2,618,225 | $ 12,857,697 |

| As of June 30, 2022: | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Investments: | | | | |
| Mutual Funds | $ 9,418,902 | $ - | $ - | $ 9,418,902 |
| Beneficial Interest in Assets | - | - | 2,446,178 | 2,446,178 |
| | $ 9,418,902 | $ - | $ 2,446,178 | $ 11,865,080 |

During the year ended June 30, 2023, there were distributions of approximately $50,000 related to level 3 financial assets. During the year ended June 30, 2022, there were purchases of approximately $5,000 related to level 3 financial assets. The level 3 assets represent a proprietary managed account with underlying assets of cash and cash equivalents, publicly traded common stocks, and bonds and other fixed income instruments. The investment manager reports the fair value of the Organization’s interest in the account.

## NOTE 16 ENDOWMENT FUNDS

The Organization's endowment consists of several individual funds established for a variety of purposes that are invested at FFTC. The endowment consists of donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

| As of June 30, 2023: | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor | $ - | $ 858,221 | $ 858,221 |
| Accumulated Investment Gains | - | 413,750 | 413,750 |
| Board Quasi-Endowments | 1,346,254 | | 1,346,254 |
| | $ 1,346,254 | $ 1,271,971 | $ 2,618,225 |

| As of June 30, 2022: | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor | $ - | $ 851,146 | $ 851,146 |
| Accumulated Investment Gains | - | 293,599 | 293,599 |
| Board Quasi-Endowments | 1,301,433 | | 1,301,433 |
| | $ 1,301,433 | $ 1,144,745 | $ 2,446,178 |

The Board of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring, absent explicit donor stipulations to the contrary, that the following amount included in the endowment be classified as net assets with donor restrictions-restricted in perpetuity: a) the original value of gifts donated to the endowment, b) the original value of subsequent gifts to the endowment, and c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not restricted in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA or spent in accordance with the purpose restrictions established by the donor.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowments funds:

1. The duration and preservation of the fund.
2. The purposes of the Organization and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect on inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Organization.
7. The investment policies of the Organization.

## NOTE 16 ENDOWMENT FUNDS (CONTINUED)

FFTC administers the endowed funds of the Legacy Foundation. The Board of Directors of the Legacy Foundation and ultimately the Organization have adopted investment and spending policies for endowment assets that attempt to provide for a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets are invested in a manner that is intended to produce results that provide an average annual real rate of return, net of fees, equal to or greater than spending, administrative fees, and inflation (Consumer Price Index). Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Legacy Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Legacy Foundation's spending policy allows for appropriating for distribution each year a maximum 5% of the average fair value using the prior 3 years' value at the calendar year-end preceding the fiscal year in which the distribution is planned. This policy is evaluated on an annual basis for prudence. In establishing the spending policy, the expected return on the endowment was taken into consideration. Accordingly, the spending policy is expected to allow the endowment to maintain its purchasing power by growing at a rate equal to planned payouts. Additional real growth will be provided through new gifts and any excess investment return.

Changes in the investment portion of the endowment net assets for the years ended June 30, 2023 and 2022 are as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Endowment Net Assets, June 30, 2021 | $ 1,518,557 | $ 1,352,570 | $ 2,871,127 |
| Contributions | 5,206 | - | 5,206 |
| Change in Beneficial Interests in Assets, Net of Expenses | (222,330) | (207,825) | (430,155) |
| Endowment Net Assets, June 30, 2022 | 1,301,433 | 1,144,745 | 2,446,178 |
| Realized and Unrealized Gains (Losses) | | | |
| Distributions | - | (50,000) | (50,000) |
| Change in Beneficial Interests in Assets, Net of Expenses | 44,821 | 177,226 | 222,047 |
| Endowment Net Assets, June 30, 2023 | $ 1,346,254 | $ 1,271,971 | $ 2,618,225 |

## NOTE 17 RELATED PARTY TRANSACTIONS

The Organization had approximately $12,000 and $33,000 in pledges receivable from board members as of June 30, 2023 and 2022, respectively.

## NOTE 18 EMPLOYEE RETENTION CREDIT

In response to the adverse economic impact of the COVID-19 pandemic, the CARES Act was passed by congress and became law on March 27, 2020. The Employee Retention Credit (ERC) was a part of the CARES Act and for the period through December 31, 2020, provided for a refundable payroll tax credit for 50% of wages paid by employers to employees (up to $10,000 per employee) upon meeting certain criteria. The ERC is available to employers whose operations were fully or partially suspended or whose gross receipts declined by more than 50% or 20% when compared to the same quarter in the prior year for 2020 or 2021, respectively.

The Organization determined that as a result of its operations being partially suspended due to various governmental orders it met the criteria to qualify for the ERC for the fourth quarter of 2020. In addition, the Organization determined that as a result of a greater than 20% gross receipts decline it met the criteria to qualify for the ERC for the first and second quarters of 2021. Accordingly, the Organization submitted applications for the ERC totaling approximately $611,000. This ERC is included in Government Grants revenue in the statement of activities for the year ended June 30, 2022. The Organization received payment for a portion of the ERC during the year ended June 30, 2022, and the remaining $437,000 was included in Grants Receivable as of June 30, 2022. The remaining $437,000 of ERC was received by the Organization during the year ended June 30, 2023.

# ACCOMPANYING INFORMATION

**UNITED WAY OF GREATER CHARLOTTE, INC.**
**SUPPLEMENTAL SCHEDULE OF MANAGEMENT CALCULATION OF OVERHEAD RATE**
**(NON-GAAP CALCULATION)**
**YEARS ENDED JUNE 30, 2023 AND 2022**

Management calculates the overhead rate in accordance with the United Way of America Functional Expenses and Overhead Reporting Standards as follows:

| | 2023 | 2022 |
|---|---|---|
| Total Support, Revenue, and Reclassifications | $ 20,419,886 | $ 20,829,354 |
| Plus: Current Campaign Year Donor Designations, Net of Provision for Uncollectibles (2021 and 2020 Campaigns, Respectively) | 1,173,763 | 898,260 |
| Plus: Unrealized (Gains) Losses on Investments and Beneficial Interest in Assets | (794,780) | 3,073,663 |
| Total | $ 20,798,869 | $ 24,801,277 |
| | | |
| Total Supporting Services | $ 3,208,551 | $ 2,988,214 |
| Plus: Investment Expenses | 47,296 | 53,839 |
| Total | $ 3,255,847 | $ 3,042,053 |
| | | |
| Overhead Rate | 15.7% | 12.3% |