

**UNITED WAY OF THE MIDLANDS
AND SUBSIDIARY**

FINANCIAL REPORT

JUNE 30, 2023

UNITED WAY OF THE MIDLANDS AND SUBSIDIARY

FINANCIAL REPORT YEAR ENDED JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
United Way of the Midlands
Columbia, South Carolina**

Opinion

We have audited the accompanying consolidated financial statements of **United Way of the Midlands** and its subsidiary (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022 and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of United Way of the Midlands and its subsidiary as of June 30, 2023 and 2022, and the changes in their net assets and their 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of the Midlands and its subsidiary 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 combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 the Midlands and its subsidiary's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 the Midlands and its subsidiary'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of the Midlands and its subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

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

Mauldin & Jenkins, LLC

Columbia, South Carolina
October 26, 2023

UNITED WAY OF THE MIDLANDS AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,712,681	\$ 3,881,036
Investments	9,918,258	9,756,428
Campaign pledges receivable (net of allowance of \$362,553 for 2023 and \$420,777 for 2022)	2,340,510	2,017,944
Grants receivable	355,569	427,803
Designations processing income receivable	74,346	93,390
Other receivables	1,741	2,710
Prepaid expenses	92,205	125,626
Cash surrender value of life insurance	847	840
Total current assets	14,496,157	16,305,777
Non-current Assets		
Property and equipment, net	4,293,532	4,530,029
Quasi-endowed funds	1,992,252	986,399
Total non-current assets	6,285,784	5,516,428
Total assets	20,781,941	21,822,205
LIABILITIES AND NET ASSETS		
Current Liabilities		
Designations payable	654,063	780,496
Accounts payable	165,611	236,425
Special funds held for agencies	172,856	181,937
Grants payable	14,146	133,820
Compensation related benefit payable	196,969	177,305
Deferred revenue	10,000	1,000
Total current liabilities	1,213,645	1,510,983
Net Assets		
Without Donor Restrictions		
Undesignated	6,498,324	7,460,507
Board designated for future capital and operating needs	11,972,697	12,669,342
Total without donor restrictions	18,471,021	20,129,849
With Donor Restrictions		
Time and purpose	1,097,275	181,373
Total net assets	19,568,296	20,311,222
Total liabilities and net assets	\$ 20,781,941	\$ 21,822,205

See notes to consolidated financial statements.

UNITED WAY OF THE MIDLANDS AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Gross campaign results prior years	\$ 528,654	\$ -	\$ 528,654
Less, donor designations	(59,604)	-	(59,604)
Provision for uncollectible pledges	18,005	-	18,005
Net campaign revenue prior years	487,055	-	487,055
Gross campaign results 2022	-	6,480,164	6,480,164
Less, donor designations	-	(1,527,741)	(1,527,741)
Less, provision for uncollectible pledges	-	(353,363)	(353,363)
Other special campaigns	-	402,642	402,642
Net campaign revenue 2022	-	5,001,702	5,001,702
Grants	-	2,686,368	2,686,368
Sponsorship	244,802	-	244,802
Accounting services income	170,925	-	170,925
Contracts	46,518	-	46,518
Building rent income	3,010	-	3,010
Gifts in kind	242,542	-	242,542
Investment income	269,509	-	269,509
Unrealized gain on investments	63,788	-	63,788
Gain on contribution of assets	234,191	-	234,191
Program and event registration	34,895	-	34,895
Planned gift revenue	900,000	-	900,000
Miscellaneous income	179,794	-	179,794
Campaign income released from restrictions	4,568,752	(4,568,752)	-
Grant funds released from restrictions	2,203,416	(2,203,416)	-
Total revenues and other support	9,649,197	915,902	10,565,099
Expenses			
Gross funds awarded	5,503,379	-	5,503,379
Less, donor designations	(1,587,345)	-	(1,587,345)
Net funds awarded	3,916,034	-	3,916,034
Grants	2,466,590	-	2,466,590
Other program services	1,741,115	-	1,741,115
Total program services	4,207,705	-	4,207,705
Management and general	891,396	-	891,396
Fundraising	2,292,890	-	2,292,890
Total supporting services	3,184,286	-	3,184,286
Total expenses	11,308,025	-	11,308,025
Increase (decrease) in net assets	(1,658,828)	915,902	(742,926)
Net assets at beginning of year	20,129,849	181,373	20,311,222
Net assets at end of year	\$ 18,471,021	\$ 1,097,275	\$ 19,568,296

See notes to consolidated financial statements.

UNITED WAY OF THE MIDLANDS AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Gross campaign results prior years	\$ 267,032	\$ -	\$ 267,032
Less, donor designations	(206,929)	-	(206,929)
Provision for uncollectible pledges	308,869	-	308,869
Net campaign revenue prior years	368,972	-	368,972
Gross campaign results 2021	-	7,178,310	7,178,310
Less, donor designations	-	(1,718,951)	(1,718,951)
Less, provision for uncollectible pledges	-	(420,777)	(420,777)
Other special campaigns	-	170	170
Net campaign revenue 2021	-	5,038,752	5,038,752
Grants	-	2,235,947	2,235,947
Public support to WellPartners	5,761	-	5,761
Sponsorship	230,991	-	230,991
Accounting services income	154,915	-	154,915
Contracts	38,025	-	38,025
Building rent income	32,038	-	32,038
Gifts in kind	276,538	-	276,538
Investment income	226,308	-	226,308
Unrealized (loss) on investments	(878,754)	-	(878,754)
Special event revenue	51,346	-	51,346
Miscellaneous income	263,316	-	263,316
PPP loan forgiveness	539,354	-	539,354
Annual campaign income released from restrictions	4,989,518	(4,989,518)	-
Grant funds released from restrictions	2,285,001	(2,285,001)	-
Total revenues and other support	8,583,329	180	8,583,509
Expenses			
Gross funds awarded	4,719,364	-	4,719,364
Less, donor designations	(1,925,880)	-	(1,925,880)
Net funds awarded	2,793,484	-	2,793,484
Grants	2,620,091	-	2,620,091
Other program services	1,954,501	-	1,954,501
Total program services	4,574,592	-	4,574,592
Management and general	891,802	-	891,802
Fundraising	1,796,391	-	1,796,391
Total supporting services	2,688,193	-	2,688,193
Total expenses	10,056,269	-	10,056,269
Increase (decrease) in net assets	(1,472,940)	180	(1,472,760)
Net assets at beginning of year	21,602,789	181,193	21,783,982
Net assets at end of year	\$ 20,129,849	\$ 181,373	\$ 20,311,222

See notes to consolidated financial statements.

UNITED WAY OF THE MIDLANDS AND SUBSIDIARY

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023**

	Other Program Services						Supporting Services				Total	
	Agency Distributions	Special Initiatives	Grants	Communications and Community Relations	Community Impact	Community Resources	Community Partners Other Program Services	Total Other Program Services	Management and General	Fundraising		Total Supporting Services
Expenditures												
RFP distributions	\$ 1,462,456	\$ 175,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,637,456
In-kind contribution of assets	239,744	-	-	-	-	-	-	-	-	-	-	239,744
Other payouts	-	1,474,572	-	-	-	-	-	-	-	472	472	1,475,044
Grants and subcontracts	-	2,896	329,584	-	-	-	-	-	-	-	-	332,480
Community events	-	2,535	2,682	165	1,162	2,403	-	3,730	709	153,972	154,681	163,628
Salaries	-	272,881	1,117,437	76,034	494,430	155,309	-	725,774	465,589	931,796	1,397,386	3,513,478
Benefits	-	76,490	213,791	23,452	140,974	31,875	-	196,302	123,063	244,372	367,435	854,018
Payroll taxes	-	22,152	83,108	5,947	40,674	12,663	-	59,283	37,958	74,218	112,176	276,720
Professional fees	-	60,368	216,698	36,300	50,307	19,909	-	106,515	70,979	552,327	623,306	1,006,888
Supplies	-	18,360	79,258	1,298	3,906	1,338	-	6,541	3,155	6,472	9,627	113,786
Dental supplies	-	-	107,630	-	-	-	-	-	-	-	-	107,630
Lab costs	-	-	71,507	-	-	-	-	-	-	-	-	71,507
Telephone	-	3,225	9,521	771	7,033	1,646	-	9,450	4,738	9,519	14,257	36,453
Postage	-	268	357	47	546	100	-	692	1,388	3,901	5,289	6,606
Occupancy	-	11,043	-	2,552	23,284	5,450	138,868	170,155	15,685	31,516	47,201	228,398
Equipment maintenance	-	6,307	6,232	1,507	23,293	3,219	-	28,020	9,265	18,615	27,880	68,439
Printing and advertising	-	9,574	15,504	147,146	4,410	10,248	-	161,804	2,956	50,797	53,752	240,635
Staff development	-	33,261	20,970	2,154	23,997	4,763	-	30,914	8,838	29,349	38,187	123,332
Membership dues	-	421	11,258	475	1,222	215	-	1,911	618	1,655	2,273	15,863
Insurance	-	4,030	3,421	963	8,788	2,057	-	11,808	6,068	11,895	17,962	37,222
Equipment/building	-	798	25,756	191	98,386	408	-	98,985	1,173	2,402	3,575	129,114
Depreciation	-	30,550	96,134	7,302	66,619	15,593	-	89,514	44,877	90,171	135,048	351,245
Other expenses	-	(17,235)	55,743	5	(37,476)	11	-	(37,460)	55,647	1,699	57,346	58,395
United Way dues	-	26,339	-	6,295	57,436	13,444	-	77,176	38,691	77,742	116,432	219,947
Totals	\$ 1,702,200	\$ 2,213,834	\$ 2,466,590	\$ 312,604	\$ 1,008,993	\$ 280,650	\$ 138,868	\$ 1,741,115	\$ 891,396	\$ 2,292,890	\$ 3,184,286	\$ 11,308,025

See notes to consolidated financial statements.

UNITED WAY OF THE MIDLANDS AND SUBSIDIARY

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022**

	Other Program Services						Supporting Services				Total	
	Agency Distributions	Special Initiatives	Grants	Communications and Community Relations	Community Impact	Community Resources	Community Partners Other Program Services	Total Other Program Services	Management and General	Fundraising		Total Supporting Services
Expenditures												
RFP distributions	\$ 1,973,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,973,500
Other payouts	-	338,713	-	-	-	-	-	-	-	-	-	338,713
Grants and subcontracts	-	-	700,894	-	-	-	-	-	-	-	-	700,894
Community events	-	1,973	370	859	1,807	3,604	-	6,270	940	149,722	150,662	159,275
Salaries	-	173,479	1,041,684	76,216	481,162	195,719	-	753,097	451,172	826,664	1,277,836	3,246,097
Benefits	-	55,701	171,853	21,685	135,957	46,019	-	203,661	128,716	198,505	327,222	758,437
Payroll taxes	-	14,456	77,700	6,032	40,751	15,934	-	62,717	36,891	66,540	103,431	258,304
Professional fees	-	88,560	205,734	23,910	89,741	21,271	-	134,922	66,991	236,802	303,793	733,009
Supplies	-	18,616	32,325	1,363	2,970	589	-	4,923	2,664	3,668	6,332	62,196
Dental supplies	-	-	93,504	-	-	-	-	-	-	-	-	93,504
Lab costs	-	-	52,549	-	-	-	-	-	-	-	-	52,549
Telephone	-	2,267	9,917	736	7,026	1,640	-	9,402	4,937	6,436	11,372	32,958
Postage	-	324	324	87	877	220	-	1,184	1,305	3,035	4,340	6,173
Occupancy	-	40,186	-	2,767	26,522	6,165	138,868	174,322	13,734	24,192	37,926	252,434
Equipment maintenance	-	3,998	10,242	1,298	20,836	2,891	-	25,025	6,441	11,394	17,835	57,100
Printing and advertising	-	2,740	17,474	203,727	5,322	11,026	-	220,074	2,364	48,140	50,504	290,792
Staff development	-	18,310	10,870	4,825	32,375	8,624	-	45,825	11,231	32,592	43,823	118,828
Membership dues	-	348	6,841	113	1,242	562	-	1,917	560	1,997	2,557	11,663
Insurance	-	3,634	3,249	1,180	11,258	2,628	-	15,065	5,994	10,312	16,307	38,255
Equipment/building	-	643	24,516	209	97,749	465	-	98,423	1,036	1,825	2,862	126,444
Depreciation	-	28,909	97,366	9,383	89,555	20,905	-	119,844	46,571	82,035	128,606	374,725
Other expenses	-	(5,177)	62,677	13	(56,128)	29	-	(56,086)	58,216	864	59,080	60,495
United Way dues	-	32,303	-	10,485	100,070	23,360	-	133,915	52,039	91,666	143,705	309,923
Totals	\$ 1,973,500	\$ 819,984	\$ 2,620,091	\$ 364,889	\$ 1,089,093	\$ 361,651	\$ 138,868	\$ 1,954,501	\$ 891,802	\$ 1,796,391	\$ 2,688,193	\$ 10,056,269

See notes to consolidated financial statements.

UNITED WAY OF THE MIDLANDS AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ (742,926)	\$ (1,472,760)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	351,246	374,725
Loss on disposal	5,583	-
Reversal of allowance for uncollectible pledges	(58,223)	(178,403)
Unrealized loss (gain) on investments	(63,789)	878,754
(Gain) on forgiveness of PPP loan	-	(539,354)
(Increase) decrease in current assets		
Annual campaign pledges receivable	(264,343)	760,203
Grants receivable	72,234	4,232
Designation processing income receivable	19,044	14,609
Other receivables	966	9,596
Prepaid expenses	33,421	(44,248)
Cash surrender value of life insurance	(7)	(840)
Increase (decrease) in current liabilities		
Designations and grants payable	(246,107)	201,505
Accounts payable	(51,150)	(22,772)
Special funds held for agencies	(9,081)	39,916
Other liabilities	9,000	(17,000)
Net cash (used in) provided by operating activities	(944,132)	8,163
Cash Flows from Investing Activities		
Purchases of investments	(1,103,891)	(715,952)
Purchases of property and equipment	(120,332)	(91,587)
Net cash (used in) investing activities	(1,224,223)	(807,539)
Net (decrease) in cash	(2,168,355)	(799,376)
Cash		
Beginning	3,881,036	4,680,412
Ending	\$ 1,712,681	\$ 3,881,036

See notes to consolidated financial statements.

UNITED WAY OF THE MIDLANDS AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

United Way of the Midlands (the "Organization") is a nonprofit corporation, founded in 1925, that is governed by a volunteer Board of Directors (the "Board") which consists of diverse local area leadership. The Board is supported by various committees that have oversight over different aspects of the Organization's operations, including finance, resource development, community impact, and communications. The current mission of the Organization is to unite people and resources to improve the quality of life in the six counties (Richland, Lexington, Newberry, Fairfield, Orangeburg, and Calhoun) in the Midlands area of South Carolina. The Organization conducts an annual fundraising campaign throughout the Midlands area to raise funds through corporate and individual pledges and gifts. Campaign funds are raised for the purpose of funding specific grant requests from affiliated local agencies that will have the greatest, measurable impact on the quality of health and human services in the Midlands. The Organization also works in collaboration with others to leverage community impact resources for the purpose of obtaining grants from various funding sources that support the health and human services needs of the area.

Fundraising campaigns are conducted each year to fund programs offered through participating agencies in the subsequent year. The Organization is dependent upon undesignated contributions from corporate and individual donors to this campaign to support its program services. The level of such contributions can be affected by economic conditions and other factors. In addition, the choice on the part of some donors to designate their gifts to specific agencies can result in reduced funding available for grant making, grant matching and leveraging grants, and other initiatives that might be undertaken consistent with the mission of the Organization. A decrease in undesignated contributions could adversely affect the Organization's ability to raise funds, maintain infrastructure, provide services, and to invest funds in social service agencies' programs.

The Organization's Community Impact program areas include: 1) Financial Stability which focuses on helping low-income individuals and families increase their income to meet basic needs as well as to begin the long-term process of saving and building assets. The Organization also provides leadership in reducing homelessness including data management and grant development for the local homeless coalition. The Organization also provides support through other organizations for those in crisis and assists others in critical areas such as home repairs for seniors and people with disabilities. 2) Education Initiatives include projects such as the Midlands Reading Consortium and other programs, which bring volunteers, and funding together to help at-risk students improve reading skills, academic success, and education levels. This would include supporting after school reading programs, increasing parental involvement and other programs focused on mentoring and assisting at-risk youth. 3) Health Initiatives help ensure access to health care and promote health equity. Funds in this area promote enrollment for uninsured individuals in plans that address chronic disease and primary care management, free dental treatment for children and uninsured adults.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Community Partners of the Midlands, LLC DBA WellPartners:

During fiscal 2012-2013, Family Service Center of South Carolina, an agency who received grant funding from the Organization, declared bankruptcy. A portion of the work performed by this agency was the providing of children's free dental services and eye care. In order to prevent the loss of the services provided by this portion of the agency's work, the Organization formed Community Partners of the Midlands, LLC DBA WellPartners (Community Partners), a wholly owned subsidiary of the Organization. Community Partners is funded primarily by grants from the Organization, Prisma Health, and Lexington Medical Center to Community Partners.

Community Partners was formed for the purpose of providing free and/or low-cost dental and vision care to indigent children and adults living in the Midlands region of South Carolina. The Children's Volunteer Program works to provide comprehensive dental care for children ages 5 through 18 years of age attending SC schools in the seven districts located in Richland and Lexington Counties. 100% of dental services are provided free-of-charge by volunteer dentists and hygienists to children enrolled in their school's Free or Reduced Lunch Program, and do not receive Medicaid or dental insurance benefits. Community Partners of the Midlands, LLC provides the same dental services found in the community general or pediatric dental offices. From July 2022 through June 2023, the Children's Program in Richland and Lexington Counties served 760 individual children with the support of more than 230 volunteer dentists. The Richland and Lexington Adult Dental Program, which works to address dental emergencies and improve the oral health of uninsured, underserved adults over the age of 18, provides free dental care. The Lexington Adult clinic, with the support of core part-time Dental Team, is in operation one and a half days per week. The Richland Adult clinic transitioned to full-time in February 2016 with a full-time staff team of three. From July 2022 through June 2023, the Adult Program served 2,629 individual adults. The vision clinic provided 2453 patient visits and eyeglasses to 1,130 patients from July 2022 through June 2023.

Consolidation Policy:

The consolidated financial statements for the year ended June 30, 2023, include the accounts of the parent company, the Organization and its wholly owned subsidiary, Community Partners, herein collectively referred to as "the Organization". All material intercompany balances and transactions have been eliminated in consolidation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compliance:

The Organization is in compliance with all membership requirements promulgated by United Way Worldwide. Included in these are compliance in the areas of governance, accounting standards and presentation, and Requirement M, which governs the organizations handling of designation payments. The Organization pledges its commitment and is in full compliance with Requirement M. This supplement, promulgated in 2004 and 2005 by United Way Worldwide, governs the calculation of Cost Recovery Rates and the timing of notifications and designation payouts. The Organization meets or exceeds these standards in all instances. The Organization's calculation of Cost Recovery Rates is verifiable based on the audited 990 results available to the public. The Cost Recovery Rate consists of a three-year moving average rate that is disclosed to United Way Worldwide, donors, and all organizations receiving designations. Organizations receiving designations receive full reporting on donors designating to their organization, including amounts pledged, collected, and paid.

Accounting Method:

The Organization uses the accrual method of accounting reflecting income earned regardless of when received and expenses incurred regardless of when paid.

Net Assets:

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for future capital and operating needs. These Board designated net assets are legally unrestricted and can be used by the Organization for any purpose.

Net Assets with Donor Restrictions – Net assets subject to donor restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Expenditures that relate to the fulfillment of time and purpose restrictions are shown as a reduction in revenue with donor restrictions as net assets released from restrictions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued):

Net assets held in perpetuity are subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The restrictions stipulate that the net assets be maintained permanently by the Organization but permit the Organization to expend all or part of the income generated in accordance with the provisions of the agreement. The Organization had no net assets held in perpetuity as of June 30, 2023 and 2022.

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes.

Unrealized and realized gains and losses, and dividends and interest from investing activities may be included in either of these net asset classifications depending on donor-imposed restrictions and the Organization's interpretation of relevant state law.

Use of Estimates:

The preparation of financial statements in conformity 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 disclosures 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.

Revenue and Revenue Recognition:

Contributions received and unconditional promises to give are measured at their fair values and are reported as increases in net assets without donor restriction. The Organization reports gifts of cash and other assets as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Unconditional promises to give are recognized when the promises are received, and allowances are provided for promises estimated by management to be collectible. Unconditional promises due within the next fiscal year are reflected as current receivables, while promises due after one year are reflected as long-term receivables.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Revenue Recognition (Continued):

The Organization derives its contract revenues from providing services to other organizations and agencies which, depending on the unique nature of the contract, may fall within the scope of ASC 958 or ASC 606. In fiscal years 2023 and 2022, there were no contracts that were within the scope of ASC 606. Accounting service revenue and special event revenue is recognized at a point in time when the exchange or event occurs.

Gifts of land, buildings, and equipment are presented as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Cash and Cash Equivalents:

The Organization considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The carrying amount of cash equivalents approximates fair value.

Allowance for Uncollectible Receivables and Pledges:

The allowance for uncollectible pledges has been established to value pledges at their estimated net realizable value. The estimated allowances have been calculated based on management's judgment of prior collection history and other analysis of individual pledges and are applied to the gross campaign net of direct paid designations. Annual pledges not collected after 18 months are written off against the allowance.

Investments:

Investments are stated at aggregate current market value, as determined by the last reported sales price on the last business day of the fiscal year. Increases or decreases in market value are recognized as income or losses in the period in which they occur. Appreciation (depreciation) in fair value of investments represents an aggregate of increases (decreases) in the market value of investments held throughout the year and the difference between net purchase price and end of the year market value for investments purchased during the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in Plant:

Expenditures for the acquisition of property and equipment in excess of \$500 are capitalized at cost. Donations of property and equipment are recorded as support unless the donor has restricted the donated asset for a specific purpose. Depreciation is calculated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	20 - 40
Leasehold improvements	5 - 20
Furniture and equipment	5 - 7
Computer software	5

Compensated Absences:

The Organization's employees are entitled to accrue and carry forward annual leave subject to a maximum number of hours and length of employee service. Prior year leave that is carried forward to the next year must be used by December 31 of that year. Any leave that was carried forward from the prior year that is still left at December 31 of the current year is forfeited.

Allocation of Functional Expenses:

The costs of providing the Organization's programs have been summarized in the statement of functional expenses. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. A portion of general and administrative costs that benefit multiple functional areas (indirect costs) have been allocated across programs and supporting services based on the proportion of full-time employee equivalents of a program or supporting service versus the total organizational full-time employee equivalents.

Donated Services and In-kind Contributions:

A large number of volunteers donate substantial amounts of time toward the annual campaign and the various community activities; however, donated services are only recognized if they require specialized skills, are provided by those individuals or companies that possess those skills, and would need to be purchased if they were not donated, in accordance with the *Not-for-Profit Revenue Recognition* topic of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC).

Donated property and other in-kind contributions are recognized in the financial statements at fair market value when received. The Organization received donated services and in-kind contributions of \$242,542 for the year ended June 30, 2023, and \$276,538 for the year ended June 30, 2022.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fundraising Costs:

The Organization expenses all fundraising costs as they are incurred.

Advertising Expenses:

The Organization expenses advertising costs as they are incurred. Advertising costs were \$156,785 for the year ended June 30, 2023, and \$203,227 for the year ended June 30, 2022.

During fiscal year 2014-2015, United Way Worldwide (UWW) recommended that each local United Way should begin recording its pro-rata share of donated national advertising from the National Football League, the Ad Council and other organizations, received by UWW on behalf of the member United Ways. The Organization's share of in-kind national advertising totaled \$79,074 for the year ended June 30, 2023, and \$61,470 for the year ended June 30, 2022, and is recorded in printing and advertising.

Income Taxes:

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. However, the Organization is subject to federal income taxes on unrelated business income. The Organization had no unrelated business income for the years ended June 30, 2023 and 2022. Therefore, no provision for income taxes was made.

Management has evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Concentration of Risk:

Cash and cash equivalents: The Organization maintains its cash in cash deposit accounts, which at times during the year may exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses in such accounts and feels the commercial banks they use are financially sound. The Organization's cash balances exceeded the FDIC limit by \$1,461,681 and \$3,380,036 at June 30, 2023 and 2022, respectively. The Organization does not believe it is exposed to any significant risk on its cash balances.

Investments: The Organization maintains its investments with a brokerage firm, which at times during the year may exceed amounts covered by insurance provided by the U.S. Securities Investment Protection Corporation (SIPC). The Organization's investment balances exceeded that limit by approximately \$9,418,258 and \$9,224,679 at June 30, 2023 and 2022, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Risk:

Pledges receivable/revenue: Substantially all pledges receivable and revenues are from individuals, businesses, or nonprofit organizations in Columbia, South Carolina and surrounding areas. Pledges receivable from one company equaled approximately 42% of net campaign pledges receivable at June 30, 2023, and 54% at June 30, 2022. Pledge revenues from one company totaled approximately 15% of total revenues and 29% of gross campaign revenues for the year ended June 30, 2023. Pledge revenues from the same company's corporate, payroll, and individual giving equaled approximately 19% of total revenues and 30% of gross campaign revenues for the year ended June 30, 2022.

Recent Accounting Pronouncements:

FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. ASU 2016-02 was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statements of financial position and disclosing key information about leasing arrangements. Under the provisions of ASU 2016-02, a lessee is required to recognize a right-to-use asset and lease liability, initially measured at the present value of the lease payments, in the statements of financial positions. In addition, lessees are required to provide qualitative and quantitative disclosures that enable users to understand more about the nature of the Organization's leasing activities. The Organization adopted the guidance for the fiscal year ending June 30, 2023, and there was no impact on its consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2023	2022
Cash and cash equivalents	\$ 1,712,681	\$ 3,881,036
Investments	9,918,258	10,742,827
Pledges receivable, net	2,340,510	2,017,944
Grant and processing income receivable	429,915	521,193
Other receivables	2,588	3,550
Total financial assets available within one year	14,403,952	17,166,550
Less:		
Amounts unavailable for general expenditures		
Restrictions by donors with purpose restrictions	1,097,275	181,373
Amounts unavailable to management without Board approval		
Quasi-endowment	1,992,252	986,399
Board-designated Scott funds	7,686,034	9,503,133
Board-designated capital reserve funds	202,852	167,763
Board-designated operating reserve funds	2,091,559	2,012,047
	11,972,697	12,669,342
Available to management for general expenditures within one year	\$ 1,333,980	\$ 4,315,835

As part of the budgeting process, the Organization seeks to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs the Organization has a committed line of credit of \$1,000,000, which it could draw upon. Additionally, the Organization has Board-designated net assets without donor restrictions that, while the Organization does not intend to spend these for purposes other than identified, the amounts could be available for current operations if necessary.

NOTE 3. CAMPAIGN PLEDGES RECEIVABLE

Campaign pledges receivable as of June 30, 2023 and 2022, are summarized as follows:

	2023 Net Pledges Due	2022 Net Pledges Due
Campaign pledges receivable:		
Prior year campaign	\$ -	\$ 1,121
Current year campaign	1,845,462	2,016,824
Future years campaigns	96,216	-
Campaign for Good	398,832	-
	\$ 2,340,510	\$ 2,017,944

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. CAMPAIGN PLEDGES RECEIVABLE (CONTINUED)

The allowance for doubtful accounts was approximately \$363,000 at June 30, 2023, and \$421,000 at June 30, 2022. Pledges were discounted by the allowance for doubtful accounts. The allowance is calculated based on management's judgment of prior collection history and other analysis of individual pledges.

Donors may choose to designate all or part of their contributions to specific charitable organizations. These transactions are reported in the statement of activities as part of the current year United Way of the Midlands Annual Campaign and are then deducted as amounts designated to other organizations to arrive at net campaign revenue. Amounts so deducted are carried as liabilities until paid to the designated charitable organization. Also, donor designated pledges are assessed both a fundraising and a management and general fee based on actual historical costs in accordance with United Way Worldwide Membership Requirements as outlined in their publication titled "United Way Worldwide Cost Deduction Standards for Membership Requirement M."

NOTE 4. RESERVE FUND

The Board has designated an operating reserve fund at the Organization. The purpose of this fund is to reserve for future cash shortfalls or operating needs. The Board has approved a reserve fund policy for governing these funds. According to the reserve fund policy, the Board must approve any withdrawal or replenishment of the funds. It also sets a required fund balance at 25% of operating expenses expected in the following fiscal year. Furthermore, investments in the reserve fund are invested according to the Organization's investment policy (see Note 5). The fund balance was approximately \$552,918 over the required level at June 30, 2023, based on the 2023 - 2024 budget, and approximately \$244,586 over the required level at June 30, 2022, based on the 2022 - 2023 budget. The reserve fund consists of the following at June 30, 2023 and 2022:

	2023	2022
Cash and cash equivalents	\$ 81,200	\$ 32,602
Investments	2,010,359	1,947,696
Investments - other	-	31,749
Total reserve funds	2,091,559	2,012,047
 Capital reserve fund		
Investments	202,852	167,763
Total reserve funds	\$ 2,294,411	\$ 2,179,810

In 2016-2017, the Board designated a capital reserve fund for the purpose of ensuring sufficient funds are available for capital expenditures needed to maintain the Organization's facilities and property. A policy was established for governing these funds. According to the policy, the Organization shall endeavor to contribute \$35,000, or an amount the Finance Committee deems appropriate, to the Capital Reserve Fund annually until the targeted reserve of \$600,000 is achieved. Investments in the capital reserve fund are invested according to the Organization's investment policy. Contributions of \$35,000 were made for fiscal year 2022-2023.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5. INVESTMENTS

The Organization's investment decisions are managed pursuant to a Board approved investment policy. All brokerage and banking institutions managing the Organization's investments were provided copies and have agreed to abide by this policy. The policy restricts investments to certificates of deposit (CD's), money market funds, and investment grade securities. The average credit rating of the portfolio must be A or better and with an average maturity of less than three years.

Short-term investments are carried at fair value, which approximates cost in accordance with the *Not-for-Profit Entities - Investments - Debt and Equity Securities* topic of the FASB ASC.

Investments consist of certificates of deposit, money market funds, government and agency securities, corporate bonds and mutual funds, which are carried at the quoted market value of the securities as of the last business day of the reporting year. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in the change of net assets in the accompanying statement of activities.

The following is a summary of the market value of investments as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Certificates of deposits	\$ -	\$ 31,749
Money market fund	2,042,367	189,527
Government and agency securities	3,767,835	5,176,320
Corporate bonds	3,359,960	3,710,992
Mutual funds	748,096	647,840
Totals	<u>\$ 9,918,258</u>	<u>\$ 9,756,428</u>

The following schedule summarizes the investment return on non-endowed investments, for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 227,528	\$ 173,135
Realized losses	(158,907)	(17,366)
Unrealized gains (losses)	128,088	(630,061)
Totals	<u>\$ 196,709</u>	<u>\$ (474,292)</u>

CD's with original maturities greater than three months and remaining maturities less than one year are classified as short-term while those with remaining maturities greater than one year are classified as long-term. CD's are reported at cost plus any accrued interest through the reporting date.

Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the statement of financial position.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5. INVESTMENTS (CONTINUED)

Investment fees of \$14,928 and \$18,589 were incurred for the years ending June 30, 2023 and 2022, respectively. These fees are in the accompanying consolidated statements of activities, netted against investment income.

NOTE 6. FAIR VALUE MEASUREMENTS

The Organization adheres to the *Fair Value Measurements and Disclosures* topic of the FASB ASC 820, which defines fair value, establishes a consistent framework for measuring fair value, and expands disclosure requirements about fair value measurements. Topic 820 requires, among other things, the Organization to maximize the use of observable inputs and minimize the use of unobservable inputs in its fair value measurement techniques.

Topic 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Topic 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The standard describes three levels of inputs that may be used to measure fair value:

- | | |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities traded in active markets. |
| Level 2 | Inputs to the valuation methodology included quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted process that are observable for the assets or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the assets or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the assets or liability. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

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

Cash and cash equivalents, accounts receivable, and pledges receivable due in less than one year are stated at the carrying amounts, which approximate the fair value because of the short maturity of these instruments. Pledges receivable due in more than one year are discounted to net present value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6. FAIR VALUE MEASUREMENTS (CONTINUED)

Financial assets measured at fair value on a recurring basis are as follows:

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
Assets				
Government and agency securities	\$ 3,460,290	\$ 307,545	\$ -	\$ 3,767,835
Corporate bonds	-	3,359,960	-	3,359,960
Mutual funds	748,096	-	-	748,096
Money market funds	2,042,367	-	-	2,042,367
Quasi-endowed funds	-	-	1,992,252	1,992,252
Totals	\$ 6,250,753	\$ 3,667,505	\$ 1,992,252	\$ 11,910,510

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
Government and agency securities	\$ 4,738,208	\$ 438,112	\$ -	\$ 5,176,320
Corporate bonds	-	3,710,992	-	3,710,992
Mutual funds	647,840	-	-	647,840
Money market funds	189,527	-	-	189,527
Certificates of deposit	31,749	-	-	31,749
Quasi-endowed funds	-	-	986,399	986,399
Totals	\$ 5,607,324	\$ 4,149,104	\$ 986,399	\$ 10,742,827

The Endowed Fund at the Central Carolina Community Foundation (CCCF) is classified as Level 3, consists of long-term investments held by a third-party (see Note 7). Management estimates the investment's fair value using information supplied by the third-party. However, the third-party information supplied does not describe the underlying investments that make up the Organization's funds. As a result, no observable inputs are present in order for the Organization's management to assess fair value. The Endowed Fund at CCCF had the following activity during the years ended June 30, 2023 and 2022.

	2023	2022
Beginning Balance	\$ 986,399	\$ 1,116,340
Interest income	41,982	46,671
Realized (losses) gains	(3,992)	123,178
Unrealized gains (losses)	98,599	(354,506)
Management fees	(11,536)	(10,685)
Deposits and withdrawals, net	880,800	65,400
Ending balance	\$ 1,992,252	\$ 986,399

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7. ENDOWMENTS

The Organization has transferred funds it has received over the years to two accounts at CCCF and acts as a quasi-endowment. These funds are invested by CCCF and are presented at market value, which was \$1,992,252 as of June 30, 2023, and \$986,399 as of June 30, 2022. Each year CCCF allots a certain amount of the original investment, which may be withdrawn by the Organization. The Organization withdrew \$19,200 in 2023 and \$34,700 in 2022.

CCCF support fees were incurred on the quasi-endowment funds of \$11,536 for the year ending June 30, 2023 and \$10,685 for the year ending June 30, 2022. The support fee helps to cover the costs of administering each fund and allows CCCF to make important contributions to our community such as acting as a catalyst on local community issues, building community collaborations and offering technical assistance to make local charities more effective in meeting our community's needs.

NOTE 8. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Land	\$ 514,345	\$ 518,345
Buildings and improvements	4,214,193	4,553,775
Furniture and equipment	2,018,218	1,978,891
Computer software	290,312	290,312
	<u>7,037,068</u>	<u>7,341,322</u>
Less: accumulated depreciation	<u>(2,743,536)</u>	<u>(2,811,293)</u>
Property and equipment, net	<u>\$ 4,293,532</u>	<u>\$ 4,530,029</u>

NOTE 9. LINE OF CREDIT

The Organization has a \$1,000,000 line of credit agreement with a commercial bank. There are no borrowings against the line at June 30, 2023 and 2022. The interest rate on the loan is variable, based upon an index determined by the lender, no less than 2.25% per annum. The line of credit is unsecured. The loan was renewed on February 24, 2022, and will mature on February 15, 2024.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10. ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets released from time and purpose restrictions consisted of the following during the years ended June 30, 2023 and 2022:

	2023	2022
Time Restriction		
Annual campaign pledges	\$ 4,287,573	\$ 4,741,991
Purpose Restriction		
Annual campaign pledges	281,179	247,527
Grants and other programs	2,203,416	2,235,001
Total net assets released from restrictions	\$ 6,772,168	\$ 7,224,519

Net assets with donor restriction were available for the following purposes at June 30, 2023 and 2022:

	2023	2022
Time Restriction		
Future Campaign's Income	\$ 99,916	\$ 1,900
Campaign For Good	389,642	-
Purpose Restriction		
Annual Campaign Pledges	7,524	62,232
Sisters of Charity	7,190	20,018
Strengthening partnerships	9,192	9,192
Colonial Life - Young Men United	250,000	-
State Innovation Fund - Young Men United	197,346	-
AT&T - Young Men United	40,000	-
Siemer Institute - Advocacy	19,792	-
AT&T MRC Grant	-	10,000
BlueCross BlueShield Foundation	21,889	23,796
Leon Levine Foundation	50,000	50,000
Other grants and initiatives	4,784	4,235
Total net assets - time and purpose	\$ 1,097,275	\$ 181,373

Net assets with donor restrictions at June 30, 2023 and 2022 are included on the statement of financial position as follows:

	2023	2022
Cash and Cash Equivalents	\$ 1,097,275	\$ 181,373
Total restricted - time and purpose	\$ 1,097,275	\$ 181,373

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11. BENEFIT PLAN

The Organization provides a 401(k) plan for all eligible employees. To be eligible to participate in the plan, employees must be at least 21 years of age. The Organization will make a matching contribution up to 6% based upon the participating employee's base salary and may make an additional safe harbor contribution of 3% of the participant's compensation. Contributions totaled \$275,094 for the year ended June 30, 2023, and \$251,112 for the year ended June 30, 2022.

NOTE 12. INCENTIVE COMPENSATION PLAN

The Board approved an incentive compensation payment plan, first adopted in 2008, for all of the employees of the Organization who qualify. The incentive pay is based on reaching Board-approved organizational and departmental goals that are developed at the beginning of each fiscal year. Incentive payments totaled \$87,216 for the year ended June 30, 2023, and \$107,615 for the year ended June 30, 2022, as a result of the attainment of all or a portion of these goals.

NOTE 14. RELATED PARTY TRANSACTIONS

The Organization paid quarterly dues to the United Way Worldwide, its national affiliate, and United Way Association of South Carolina, its state affiliate, of \$219,947 for the year ended June 30, 2023, and \$309,923 for the year ended June 30, 2022.

The Organization awarded a grant to an organization whose Executive Director serves on the Board of Directors. The Board approved the grant, with the related Board member abstaining from the vote. The total amount paid and accrued to the related organization was \$303,190 for the year ended June 30, 2023.

Several Board members are executives in insurance companies that the Organization purchases insurance products from at the prevailing market rate. The total premiums paid for group health insurance coverage were \$423,409 and total premiums paid for other insurance products were \$35,555 for the year ended June 30, 2023.

A Board member is an executive of an accounting firm that the Organization engaged for a cybersecurity assessment. The total amount paid for this service was \$23,241 for the year ended June 30, 2023.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15. IN-KIND CONTRIBUTIONS

For the years ended June 30, 2023 and 2022, contributed nonfinancial assets recognized within the consolidated statements of activities included:

	<u>2023</u>	<u>2022</u>
Advertising	\$ 103,674	\$ 137,670
Rent	138,868	138,868
	<u>\$ 242,542</u>	<u>\$ 276,538</u>

The Organization recognized the contributed nonfinancial assets within revenue, including contributed advertising and rent, and all were used in program support. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

United Way Worldwide contributed advertising is valued using a multiplication factor based on total airtime divided by total dues. In valuing all other contributed advertising, the Organization estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States. The Organization rents space to Community Partners of the Midlands for the operation of dental and vision clinics in Richland and Lexington Counties. In valuing contributed rent, the Organization estimated fair value based on current rates for similar space.

For the year ending June 30, 2023, the Organization contributed a building and land to a local church. The church had gifted the property to the Organization in 2002 for use as a childcare center by Vital Connections of the Midlands, a nonprofit established by the Organization. The original cost of the assets was \$367,114 and had a net book value of \$5,583 at the time of the contribution. FASB Accounting Standards Codification Subtopic 720-25, *Other Expenses - Contributions Made*, requires that contributions made are recognized as expenses at the time the assets are transferred to the recipient. Since contributions made are also required to be reported at fair market value, a gain of \$234,191 was recognized within the consolidated statement of activities since the carrying value differed from the fair market value.

NOTE 16. FEDERAL AND STATE CONTRACTS

Expenditures related to federal and state contracts are subject to adjustment based upon review by the granting agencies. It is management's assessment that the amounts, if any, of expenditures, which may be disallowed, would not have a material effect on the Organization's financial position.

NOTE 17. SUBSEQUENT EVENTS

The Organization has performed an evaluation of subsequent events through October 26, 2023, which is the date the financial statements were available to be issued.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17. SUBSEQUENT EVENTS (CONTINUED)

At June 30, 2023, the Organization had agreed to several contingent awards from MacKenzie Scott funds to support affordable housing projects. Two awards were approved to Midlands Housing Trust Fund totaling \$1.1 million. Both awards are contingent upon the projects outlined in their proposal receiving low-income tax credits from the SC Housing & Refinance Authority as well as the projects coming to construction after receiving necessary permits, zoning, and other approvals. Another contingent award was approved to Fairfield County School District Education Foundation of \$600,000 to support an affordable housing project for teachers. The award is contingent upon the project coming to construction after receiving necessary permits, zoning, and other approvals.

A major donor passed away during FY21-22. The Organization was notified by a letter dated August 23, 2022, that it would be a beneficiary of the estate. The letter notes that the Organization was named to receive from the Residuary Trust Fund a specific cash bequest of \$900,000, as well as 35% of the remaining residuary. The specific cash bequest of \$900,000 was received during the current fiscal year, but at June 30, 2023, the value of the residual amount was unknown, as the estate was still being settled. On September 7, 2023, the Organization received a transfer of \$4.9 million as an initial distribution. A final distribution of an unknown amount is expected once the estate is fully settled.

UNITED WAY OF THE MIDLANDS AND SUBSIDIARY

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

	United Way	Community Partners	Eliminations	Consolidated
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 1,060,255	\$ 652,426	\$ -	\$ 1,712,681
Investments - others	9,918,258	-	-	9,918,258
Campaign pledges receivable (net of allowance of \$362,553 for 2023)	2,340,510	-	-	2,340,510
Grants receivable	282,767	238,647	(165,845)	355,569
Designations processing income receivable	74,346	-	-	74,346
Other receivables	18,412	-	(16,671)	1,741
Prepaid expenses	90,620	1,585	-	92,205
Cash surrender value of life insurance	847	-	-	847
Total current assets	13,786,015	892,658	(182,516)	14,496,157
Non-current Assets				
Property and equipment, net	3,821,259	472,273	-	4,293,532
Endowed funds	1,992,252	-	-	1,992,252
Total non-current assets	5,813,511	472,273	-	6,285,784
Total assets	19,599,526	1,364,931	(182,516)	20,781,941
LIABILITIES AND NET ASSETS				
Current Liabilities				
Designations payable	654,063	-	-	654,063
Accounts payable	142,910	59,598	(36,897)	165,611
Deferred revenue	10,000	-	-	10,000
Special funds held for agencies	172,856	-	-	172,856
Compensation related benefit payable	169,487	27,482	-	196,969
Grants payable	159,765	-	(145,619)	14,146
Total current liabilities	1,309,081	87,080	(182,516)	1,213,645
Net Assets				
Without Donor Restrictions				
Undesignated	5,292,429	1,205,895	-	6,498,324
Board designated for future capital and operating needs	11,972,697	-	-	11,972,697
Total net assets without donor restrictions	17,265,126	1,205,895	-	18,471,021
With Donor Restrictions				
	1,025,319	71,956	-	1,097,275
Total net assets	18,290,445	1,277,851	-	19,568,296
Total liabilities and net assets	\$ 19,599,526	\$ 1,364,931	\$ (182,516)	\$ 20,781,941

UNITED WAY OF THE MIDLANDS AND SUBSIDIARY

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions			Total
	United Way	Community Partners	Eliminations	
Revenues and Other Support				
Gross campaign results prior years	\$ 528,654	\$ -	\$ -	\$ 528,654
Less, donor designations	(59,604)	-	-	(59,604)
Provision for uncollectible pledges	18,005	-	-	18,005
Net campaign revenue	<u>487,055</u>	<u>-</u>	<u>-</u>	<u>487,055</u>
Grants	-	450,000	(450,000)	-
Sponsorship	244,802	-	-	244,802
Accounting services income	170,925	-	-	170,925
Contracts	46,518	-	-	46,518
Building rent income	3,010	-	-	3,010
Gift in kind	103,674	138,868	-	242,542
Investment income	269,509	-	-	269,509
Gains on investments	63,788	-	-	63,788
Gain on contribution of assets	234,191	-	-	234,191
Program and event registration	34,895	-	-	34,895
Planned gift revenue	900,000	-	-	900,000
Miscellaneous income	176,461	3,333	-	179,794
Campaign income released from restrictions	4,568,752	-	-	4,568,752
Grant & Program Assets released from restrictions	2,094,482	1,061,834	(952,900)	2,203,416
Total revenues and other support	<u>9,398,062</u>	<u>1,654,035</u>	<u>(1,402,900)</u>	<u>9,649,197</u>
Expenses				
Gross funds awarded	5,953,379	-	(450,000)	5,503,379
Less, donor designations	(1,587,345)	-	-	(1,587,345)
Net funds awarded	<u>4,366,034</u>	<u>-</u>	<u>(450,000)</u>	<u>3,916,034</u>
Grants	2,036,256	1,383,234	(952,900)	2,466,590
Other program services	1,602,247	138,868	-	1,741,115
Total program services	<u>3,638,503</u>	<u>1,522,102</u>	<u>(952,900)</u>	<u>4,207,705</u>
Management and general	841,630	49,766	-	891,396
Fundraising	2,292,890	-	-	2,292,890
Total supporting services	<u>3,134,520</u>	<u>49,766</u>	<u>-</u>	<u>3,184,286</u>
Total expenses	<u>11,139,057</u>	<u>1,571,868</u>	<u>(1,402,900)</u>	<u>11,308,025</u>
(Decrease) increase in net assets	<u>(1,740,995)</u>	<u>82,167</u>	<u>-</u>	<u>(1,658,828)</u>
Net assets at beginning of year	19,006,121	1,123,728	-	20,129,849
Net assets at end of year	<u>\$ 17,265,126</u>	<u>\$ 1,205,895</u>	<u>\$ -</u>	<u>\$ 18,471,021</u>

UNITED WAY OF THE MIDLANDS AND SUBSIDIARY

**CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN
NET ASSETS WITH DONOR RESTRICTIONS
YEAR ENDED JUNE 30, 2023**

	With Donor Restrictions			Total
	United Way	Community Partners	Eliminations	
Revenues and Other Support				
Gross campaign results 2022	\$ 6,480,164	\$ -	\$ -	\$ 6,480,164
Less, donor designations	(1,527,741)	-	-	(1,527,741)
Less, provision for uncollectible pledges	(353,363)	-	-	(353,363)
Other campaigns	402,642	-	-	402,642
Net campaign revenue	<u>5,001,702</u>	<u>-</u>	<u>-</u>	<u>5,001,702</u>
Grants	2,579,341	1,059,927	(952,900)	2,686,368
Annual campaign income released from restrictions	(4,568,752)	-	-	(4,568,752)
Grant funds released from restrictions	(2,094,482)	(1,061,834)	952,900	(2,203,416)
Total revenues and other support	<u>917,809</u>	<u>(1,907)</u>	<u>-</u>	<u>915,902</u>
Increase (decrease) in net assets	917,809	(1,907)	-	915,902
Net assets at beginning of year	<u>107,510</u>	<u>73,863</u>	<u>-</u>	<u>181,373</u>
Net assets at end of year	<u>\$ 1,025,319</u>	<u>\$ 71,956</u>	<u>\$ -</u>	<u>\$ 1,097,275</u>

UNITED WAY OF THE MIDLANDS AND SUBSIDIARY

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023

			Total	Special Initiatives	Grants			Total Grants
	Distributions	Eliminations	Agency Distributions		United Way	Community Partners	Eliminations	
Expenses:								
RFP distributions	\$ 1,912,456	\$ (450,000)	\$ 1,462,456	\$ 175,000	\$ -	\$ -	\$ -	\$ -
In-kind contribution of assets	239,744	-	239,744	-	-	-	-	-
Other payouts	-	-	-	1,474,572	-	-	-	-
Grants and subcontracts	-	-	-	2,896	1,282,484	-	(952,900)	329,584
Community events	-	-	-	2,535	2,682	-	-	2,682
Salaries	-	-	-	272,881	381,775	735,662	-	1,117,437
Benefits	-	-	-	76,490	68,493	145,298	-	213,791
Payroll taxes	-	-	-	22,152	29,016	54,092	-	83,108
Professional fees	-	-	-	60,368	105,427	111,271	-	216,698
Supplies	-	-	-	18,360	62,268	16,990	-	79,258
Dental supplies	-	-	-	-	-	107,630	-	107,630
Lab costs	-	-	-	-	-	71,507	-	71,507
Telephone	-	-	-	3,225	-	9,521	-	9,521
Postage	-	-	-	268	-	357	-	357
Occupancy	-	-	-	11,043	-	-	-	-
Equipment maintenance	-	-	-	6,307	500	5,732	-	6,232
Printing and advertising	-	-	-	9,574	10,130	5,374	-	15,504
Staff development	-	-	-	33,261	12,463	8,507	-	20,970
Membership dues	-	-	-	421	-	11,258	-	11,258
Insurance	-	-	-	4,030	-	3,421	-	3,421
Equipment/building	-	-	-	798	25,756	-	-	25,756
Depreciation	-	-	-	30,550	-	96,134	-	96,134
Other expenses	-	-	-	(17,235)	55,263	480	-	55,743
United Way dues	-	-	-	26,339	-	-	-	-
Total functional expenses	<u>\$ 2,152,200</u>	<u>\$ (450,000)</u>	<u>\$ 1,702,200</u>	<u>\$ 2,213,834</u>	<u>\$ 2,036,257</u>	<u>\$ 1,383,233</u>	<u>\$ (952,900)</u>	<u>\$ 2,466,590</u>

UNITED WAY OF THE MIDLANDS AND SUBSIDIARY

**CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023**

Other Program Services

	Communication and Community Relations	Community Impact	Community Resources	Community Partners Other Program Services	Eliminations	Total Other Program Services
Expenses:						
RFP distributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
In-kind contribution of assets	-	-	-	-	-	-
Other payouts	-	-	-	-	-	-
Grants and subcontracts	-	-	-	-	-	-
Community events	165	1,162	2,403	-	-	3,730
Salaries	76,034	494,430	155,309	-	-	725,774
Benefits	23,452	140,974	31,875	-	-	196,302
Payroll taxes	5,947	40,674	12,663	-	-	59,283
Professional fees	36,300	50,307	19,909	-	-	106,515
Supplies	1,298	3,906	1,338	-	-	6,541
Dental supplies	-	-	-	-	-	-
Lab costs	-	-	-	-	-	-
Telephone	771	7,033	1,646	-	-	9,450
Postage	47	546	100	-	-	692
Occupancy	2,552	23,284	5,450	138,868	-	170,155
Equipment maintenance	1,507	23,293	3,219	-	-	28,020
Printing and advertising	147,146	4,410	10,248	-	-	161,804
Staff development	2,154	23,997	4,763	-	-	30,914
Membership dues	475	1,222	215	-	-	1,911
Insurance	963	8,788	2,057	-	-	11,808
Equipment/building	191	98,386	408	-	-	98,985
Depreciation	7,302	66,619	15,593	-	-	89,514
Other expenses	5	(37,476)	11	-	-	(37,460)
United Way dues	6,295	57,436	13,444	-	-	77,176
Total functional expenses	\$ 312,604	\$ 1,008,993	\$ 280,650	\$ 138,868	\$ -	\$ 1,741,115

UNITED WAY OF THE MIDLANDS AND SUBSIDIARY

**CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023**

	Supporting Services						Total
	Management and General			Fundraising	Total Supporting Services		
	United Way	Community Partners	Eliminations				
Expenses:							
RFP distributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,637,456
In-kind contribution of assets	-	-	-	-	-	-	239,744
Other payouts	-	-	-	-	472	472	1,475,044
Grants and subcontracts	-	-	-	-	-	-	332,480
Community events	709	-	-	709	153,972	154,681	163,628
Salaries	433,133	32,457	-	465,589	931,796	1,397,386	3,513,478
Benefits	117,618	5,445	-	123,063	244,372	367,435	854,018
Payroll taxes	35,535	2,423	-	37,958	74,218	112,176	276,720
Professional fees	63,265	7,714	-	70,979	552,327	623,306	1,006,888
Supplies	3,155	-	-	3,155	6,472	9,627	113,786
Dental supplies	-	-	-	-	-	-	107,630
Lab costs	-	-	-	-	-	-	71,507
Telephone	4,738	-	-	4,738	9,519	14,257	36,453
Postage	1,388	-	-	1,388	3,901	5,289	6,606
Occupancy	15,685	-	-	15,685	31,516	47,201	228,398
Equipment maintenance	9,265	-	-	9,265	18,615	27,880	68,439
Printing and advertising	2,891	65	-	2,956	50,797	53,752	240,635
Staff development	8,838	-	-	8,838	29,349	38,187	123,332
Membership dues	618	-	-	618	1,655	2,273	15,863
Insurance	5,920	148	-	6,068	11,895	17,962	37,222
Equipment/building	1,173	-	-	1,173	2,402	3,575	129,114
Depreciation	44,877	-	-	44,877	90,171	135,048	351,245
Other expenses	54,133	1,514	-	55,647	1,699	57,346	58,395
United Way dues	38,691	-	-	38,691	77,742	116,432	219,947
Total functional expenses	\$ 841,630	\$ 49,766	\$ -	\$ 891,396	\$ 2,292,890	\$ 3,184,286	\$ 11,308,025