

**UNITED WAY OF THE
GREATER TRIANGLE, INC.**

FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2022 and 2021

And Report of Independent Auditor

UNITED WAY OF THE GREATER TRIANGLE, INC.

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Report of Independent Auditor

To the Board of Directors
United Way of the Greater Triangle, Inc.
Durham, North Carolina

Opinion

We have audited the accompanying financial statements of United Way of the Greater Triangle, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of the Greater Triangle, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 Greater Triangle, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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

Cherry Bekaert LLP

Raleigh, North Carolina
November 9, 2022

UNITED WAY OF THE GREATER TRIANGLE, INC.
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 4,549,405	\$ 8,259,505
Investments	20,724	20,724
Beneficial interest in pooled funds	210,745	237,660
Contributions receivable, net	2,136,798	1,971,086
Grant receivable	1,500,000	-
Other receivables	285,174	9,365
Prepaid expenses and other	64,066	56,563
Total Current Assets	<u>8,766,912</u>	<u>10,554,903</u>
Property and equipment, net	221,881	306,619
Total Assets	<u><u>\$ 8,988,793</u></u>	<u><u>\$ 10,861,522</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Donor designations payable	\$ 548,958	\$ 551,761
Allocations payable	4,464,774	4,655,000
Accounts payable and accrued expenses	720,148	309,935
Current portion of tenant lease incentives	28,800	28,800
Current portion of capital lease obligations	3,182	3,182
Total Current Liabilities	<u>5,765,862</u>	<u>5,548,678</u>
Deferred rent	38,717	43,439
Tenant lease incentives, net of current portion	62,369	91,169
Capital lease obligations, net of current portion	1,888	5,085
Total Liabilities	<u>5,868,836</u>	<u>5,688,371</u>
Net Assets:		
Without Donor Restrictions:		
Designated by the board for response initiatives	32,705	32,705
Undesignated	2,749,715	4,802,909
	<u>2,782,420</u>	<u>4,835,614</u>
With Donor Restrictions	337,537	337,537
Total Net Assets	<u>3,119,957</u>	<u>5,173,151</u>
Total Liabilities and Net Assets	<u><u>\$ 8,988,793</u></u>	<u><u>\$ 10,861,522</u></u>

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

UNITED WAY OF THE GREATER TRIANGLE, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue:			
Campaign Promises to Give Received:			
Prior year campaigns	\$ 111	\$ -	\$ 111
Current year campaigns	7,414,099	-	7,414,099
Less donor designations to other agencies	(1,942,101)	-	(1,942,101)
Less estimated uncollectible promises to give	(81,264)	-	(81,264)
Net Campaign Revenue	<u>5,390,845</u>	<u>-</u>	<u>5,390,845</u>
Grants	2,648,457	-	2,648,457
Administrative fees earned	5,258	-	5,258
Investment return, net	(19,825)	-	(19,825)
Special events income	467,266	-	467,266
Other income	224,101	-	224,101
	<u>3,325,257</u>	<u>-</u>	<u>3,325,257</u>
Total Support and Revenue	<u>8,716,102</u>	<u>-</u>	<u>8,716,102</u>
Expenses:			
Program expenses	8,399,323	-	8,399,323
Supporting Services:			
Fundraising	979,786	-	979,786
Administration	1,390,187	-	1,390,187
Total Expenses	<u>10,769,296</u>	<u>-</u>	<u>10,769,296</u>
Change in net assets	(2,053,194)	-	(2,053,194)
Net assets, beginning of year	4,835,614	337,537	5,173,151
Net assets, end of year	<u>\$ 2,782,420</u>	<u>\$ 337,537</u>	<u>\$ 3,119,957</u>

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

UNITED WAY OF THE GREATER TRIANGLE, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue:			
Campaign Promises to Give Received:			
Prior year campaigns	\$ 233,040	\$ -	\$ 233,040
Current year campaigns	13,554,484	-	13,554,484
Less donor designations to other agencies	(1,774,186)	-	(1,774,186)
Less estimated uncollectible promises to give	(285,182)	-	(285,182)
Net Campaign Revenue	<u>11,728,156</u>	<u>-</u>	<u>11,728,156</u>
Grants	357,922	-	357,922
Administrative fees earned	96,176	-	96,176
Investment return, net	46,936	-	46,936
Other income	36,622	-	36,622
	<u>537,656</u>	<u>-</u>	<u>537,656</u>
Net assets released from restrictions	74,883	(74,883)	-
Total Support and Revenue	<u>12,340,695</u>	<u>(74,883)</u>	<u>12,265,812</u>
Expenses:			
Program expenses	6,814,998	-	6,814,998
Supporting Services:			
Fundraising	1,143,254	-	1,143,254
Administration	1,407,963	-	1,407,963
Total Expenses	<u>9,366,215</u>	<u>-</u>	<u>9,366,215</u>
Change in net assets	2,974,480	(74,883)	2,899,597
Net assets, beginning of year	1,861,134	412,420	2,273,554
Net assets, end of year	<u>\$ 4,835,614</u>	<u>\$ 337,537</u>	<u>\$ 5,173,151</u>

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

UNITED WAY OF THE GREATER TRIANGLE, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	Support Services			Total
	Program Services	Fundraising	Administration	
Distributions to community agencies	\$ 6,475,722	\$ -	\$ -	\$ 6,475,722
Salaries and temporary help	655,472	566,056	910,406	2,131,934
Promotion, printing, and supplies	52,242	27,802	4,421	84,465
Membership dues and subscriptions	17,013	6,684	4,990	28,687
Rent and occupancy costs	42,743	12,434	28,826	84,003
Payroll taxes/fees	49,601	43,139	59,762	152,502
Employee benefits	136,514	96,064	58,883	291,461
Contracted services and technical consultation	564,697	93,572	126,362	784,631
Depreciation	49,756	14,927	34,829	99,512
Affiliation dues	85,854	25,756	60,098	171,708
Conferences, travel, and training	88,257	25,609	7,821	121,687
Business/financial service fees	11,494	3,448	8,046	22,988
Professional fees	44,128	8,048	18,779	70,955
Office services and supplies	35,495	19,220	15,913	70,628
Computer services and supplies	84,576	20,299	47,020	151,895
Special events	-	15,000	-	15,000
Insurance	5,586	1,676	3,910	11,172
Miscellaneous expenses	173	52	121	346
	<u>\$ 8,399,323</u>	<u>\$ 979,786</u>	<u>\$ 1,390,187</u>	<u>\$ 10,769,296</u>

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

UNITED WAY OF THE GREATER TRIANGLE, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Support Services			Total
	Program Services	Fundraising	Administration	
Distributions to community agencies	\$ 5,376,323	\$ -	\$ -	\$ 5,376,323
Salaries and temporary help	559,681	609,082	712,534	1,881,297
Promotion, printing, and supplies	100,225	13,338	14,383	127,946
Membership dues and subscriptions	7,269	5,100	7,510	19,879
Rent and occupancy costs	33,374	32,472	24,354	90,200
Payroll taxes/fees	42,901	46,298	46,013	135,212
Employee benefits	85,877	93,038	101,655	280,570
Contracted services and technical consultation	401,565	227,507	294,958	924,030
Depreciation	30,145	29,330	21,997	81,472
Affiliation dues	56,887	55,350	41,512	153,749
Conferences, travel, and training	19,985	2,803	2,171	24,959
Business/financial service fees	5,080	-	24,320	29,400
Professional fees	31,501	20,239	21,821	73,561
Office services and supplies	7,816	7,128	26,470	41,414
Computer services and supplies	42,953	318	49,310	92,581
Special events	13,416	1,251	1,251	15,918
Insurance	-	-	11,197	11,197
Miscellaneous expenses	-	-	6,507	6,507
	<u>\$ 6,814,998</u>	<u>\$ 1,143,254</u>	<u>\$ 1,407,963</u>	<u>\$ 9,366,215</u>

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

UNITED WAY OF THE GREATER TRIANGLE, INC.
STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ (2,053,194)	\$ 2,899,597
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation expense	99,512	81,472
Realized and unrealized losses (gains) on beneficial interest in pooled funds	26,915	(40,955)
Change in operating assets and liabilities:		
Contributions receivable, net	(165,712)	268,632
Grant receivable	(1,500,000)	-
Other receivables	(275,809)	(2,295)
Prepaid expenses and other	(7,503)	(13,015)
Donor designations payable	(2,803)	10,631
Allocations payable	(190,226)	1,083,301
Accounts payable and accrued expenses	410,214	144,499
Deferred income	-	(25,277)
Deferred rent	(4,722)	(1,307)
Tenant lease incentives	(28,800)	(28,808)
Net cash flows from operating activities	<u>(3,692,128)</u>	<u>4,376,475</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>(14,775)</u>	<u>-</u>
Cash flows from financing activities:		
Payments made under capital lease obligations	<u>(3,197)</u>	<u>(9,197)</u>
Net change in cash and cash equivalents	(3,710,100)	4,367,278
Cash and equivalents, beginning of year	<u>8,259,505</u>	<u>3,892,227</u>
Cash and equivalents, end of year	<u>\$ 4,549,405</u>	<u>\$ 8,259,505</u>

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

UNITED WAY OF THE GREATER TRIANGLE, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 1—Organization and significant accounting policies and practices

Organization – United Way of the Greater Triangle, Inc. (the “Organization”) was formed in 1996 for the purpose of supporting the health, education, and financial stability of every person in the community with the consolidated resources of the Durham County, Johnson County, Orange County, and Wake County United Way organizations. The Organization conducts Triangle-wide fundraising activities on behalf of the counties it encompasses.

Basis of Presentation – The financial statements of the Organization have been prepared on the accrual basis of accounting. In preparing its financial statements, the Organization’s net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) which require the Organization to report information regarding its financial position and activities in the following two classes:

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 mission of the Organization. These net assets may be used at the discretion of the Organization’s management and the Board of Directors (the “Board”). The use of some net assets without donor restrictions may be further limited by Board designations, including quasi-endowment or other designations.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors. 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, whereby the donor has stipulated the funds be maintained in perpetuity. Generally, when donors impose perpetual restrictions on their gifts, this permits the Organization to use all or part of the earnings on related investments for general or specific purposes.

Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Future Pronouncements – In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of the lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements. This standard will be effective for the year ended June 30, 2023. The Organization does not anticipate that this standard will materially impact the financial statements.

In March 2020, FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides optional expedients and exceptions to applying the guidance on contract modifications, hedge accounting, and other transactions, to simplify the accounting for transitioning from the London Interbank Offered Rate (“LIBOR”), and other interbank offered rates expected to be discontinued, to alternative reference rates. The guidance in this ASU was effective upon its issuance; if elected, it is to be applied prospectively through June 30, 2023. The impact this ASU will have on the Organization’s financial statements will not be known until the financial instrument is converted to another rate.

UNITED WAY OF THE GREATER TRIANGLE, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 1—Organization and significant accounting policies and practices (continued)

Cash and Cash Equivalents – The Organization considers all demand deposits at financial institutions and all highly liquid debt instruments purchased with original maturities of three months or less to be cash and cash equivalents. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. The Organization from time to time may have amounts on deposit in excess of the insured limits. The Organization had \$3,686,494 and \$7,278,798 of cash and cash equivalents in excess of these insured amounts as of June 30, 2022 and 2021, respectively.

Investments – Investments are recorded at fair value with realized and unrealized gains and losses included in the accompanying statements of activities. The fair value of investment securities is determined by reference to exchange or dealer-quoted market prices at year-end.

Financial Instruments and Credit Risk Concentration – Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist primarily of short-term investments (cash equivalents), beneficial interest in pooled funds, and contributions receivable. The Organization's investment policy is intended to limit its exposure to credit risk. The Organization has not experienced any significant losses in such accounts and believes it is not exposed to any significant financial risk therein.

Contributions Receivable – Unconditional promises to give are expected to be collected within one campaign cycle, which is typically the 18-month period beginning each August. Conditional promises to give are not included as support until such time as the conditions upon which they depend are substantially met.

An allowance for uncollectible, undesignated promises to give is established at the completion of each annual campaign cycle. The Organization's estimate for the allowance for uncollectible promises to give is based on its historical experience of the relationship between actual bad debts for a campaign year and the related net campaign revenues for the same campaign year. The allowance for uncollectible promises to give as of June 30, 2022 and 2021 was \$750,104 and \$668,840, respectively, and represent 10% and 5% of unrestricted giving in the 2022 and 2021 campaign cycles, respectively.

Designations – Designations result from contributions directed to individual organizations and agencies by the donor. When received, these funds are distributed to the intended organizations, net of an administrative fee (if applicable).

Property and Equipment – Property and equipment is stated at cost for purchased assets and at market value on the date of the gift for donated assets. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, generally 3 to 7 years. Maintenance, repairs, and minor equipment purchases are expensed when incurred. It is the Organization's policy to capitalize expenses that are greater than \$1,500. No donated assets were received during the years ended June 30, 2022 and 2021.

Contributions – Contributions are recognized as revenue at the time the contribution or unconditional promise to give is received either by the Organization or an agent of the Organization, net of estimated uncollectible amounts. All contributions are considered available for use unless specifically restricted by the donor. Amounts restricted by time or purpose are reported as support with donor restrictions and increase those net asset classes. When a donor restriction expires, that is, when a stipulated time restriction ends or donor restriction is met, contributions are reported as net assets released from restrictions in the statements of activities and changes in net assets.

UNITED WAY OF THE GREATER TRIANGLE, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 1—Organization and significant accounting policies and practices (continued)

Investment Return – Investment income is credited to net assets without donor restrictions in the period earned, unless such income has been designated as restricted by donors.

Grants – The Organization receives grant income from private industry sources to help support its direct service efforts. Certain grant programs are recognized in revenues immediately in the period received while others are recognized in stages or as requests for reimbursements are approved by granting agencies with qualifying expenditures. These grants contain certain barriers that must be overcome by the grantee prior to receiving the funds. Grant revenue and the associated receivable are recognized as the barriers are overcome. The Organization recognized \$2,648,457 and \$357,922 in the years ended June 30, 2022 and 2021, respectively. The Organization deems all grant receivables to be fully collectible based on historical collections, and as such no allowance for doubtful accounts has been recorded as of June 30, 2022 and 2021.

Functional Classification of Expenses – Operating expenses are allocated to specific functions based on management estimates of time and resources devoted to those functions. The following functional expense classifications are included in the foregoing financial statements:

Program Services – Includes activities for ensuring that donors' gifts are invested wisely in the community and properly allocated to each county to ensure resources can be maximized to achieve measurable results, activities that deliver services funded by other sources other than the annual campaign, and contributions directed to the Organization's general fund or other broad-based initiatives. Allocations are accrued as allocations payable when approved by the Board or sub-committees with delegated authority.

Fundraising – Includes activities of the Organization's Resource Development Department, which has primary responsibility for cultivating fundraising efforts for the Organization. This department cultivates new resources and opportunities to support health and human services in the communities of Durham, Johnston, Wake, and Orange counties. Through the Organization's Give United Fund, donations are directed to meeting the most critical needs in the local community.

Administration – Includes costs of activities related to the overall direction of the Organization. These expenses are not identifiable with a particular program or fundraising activity but are indispensable to the conduct of those activities and essential to the Organization. Specific activities include organization oversight, business management, human resources, finance, and information technology.

Tax Status – The Organization is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income tax under the provisions of Section 501(a). Certain non-exempt activities are subject to federal income taxes. No such non-exempt activities were undertaken during the years ended June 30, 2022 and 2021.

The Organization follows FASB guidance on accounting for uncertainty in income taxes. The guidance clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements by prescribing a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Organization's policy is to record a liability for any tax position taken that is beneficial to the Organization, including any related interest and penalties, when it is more likely than not (more than a 50% likelihood) the position taken by management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of June 30, 2022 and 2021 and, accordingly, no liability has been accrued.

UNITED WAY OF THE GREATER TRIANGLE, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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 of the following as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 4,549,405	\$ 8,259,505
Investments	20,724	20,724
Beneficial interest in pooled funds	210,745	237,660
Contributions receivable, net	2,136,798	1,971,086
Grant receivable	1,500,000	-
Other receivables	285,174	9,365
	<u>8,702,846</u>	<u>10,498,340</u>
Total financial assets		
Less amounts not available for general expenditures within one year:		
Net assets with donor restrictions	(337,537)	(337,537)
Beneficial interest in pooled funds, non-spendable portion	(96,213)	(111,717)
Donor designations payable	(548,958)	(551,761)
	<u>(982,708)</u>	<u>(1,000,995)</u>
Total financial assets available to meet general expenditures within one year	<u>\$ 7,720,138</u>	<u>\$ 9,497,325</u>

Assets without restrictions with Board designation could be made available, if necessary, for general expenditure and therefore are reported in balances presented above.

As part of the Organization’s liquidity management, financial assets are structured to be available as general expenditures, liabilities, and other obligations come due. The Organization is also supported by restricted contributions. Because a donor’s restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donor or grantor. Thus, financial assets maintained with restrictions may not be available for general expenditures within one year. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to the ongoing activities of the Organization as well as the services undertaken to support those activities to be general expenditures.

Note 3—Investments and beneficial interest in pooled funds

Investments and beneficial interest in pooled funds as of June 30, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Certificates of deposit	\$ 20,724	\$ 20,724
Beneficial interest in pooled funds	210,745	237,660
	<u>\$ 231,469</u>	<u>\$ 258,384</u>
Total investments and beneficial interest in pooled funds		

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.

UNITED WAY OF THE GREATER TRIANGLE, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 3—Investments and beneficial interest in pooled funds (continued)

Certificates of Deposits – For the years ended June 30, 2022 and 2021, the Organization held a certificate of deposit with a maturity in excess of three months of \$20,724 for each year. Certificates of deposit are stated at cost which approximates fair value.

Beneficial Interest in Pooled Funds – The Organization has established an endowment style pooled investment fund that is administered by the Triangle Community Foundation Legacy Society (the “Fund”). The Fund consists of cash, money market, equity, fixed income, debt securities, and alternative investments. The endowed assets are reported at fair value based on available market prices and data. Each year a portion of the Fund’s balance is considered spendable, without donor restrictions, and invested in cash or a similarly liquid investment. The remainder of the balance is considered endowed, non-spendable, with donor restrictions, and used to generate future earnings. For the years ended June 30, 2022 and 2021, the Organization held investments in the Fund of \$210,745 (with \$114,532 spendable) and \$237,660 (with \$125,943 spendable), respectively. The fair value of the Organization’s proportional share of alternative investments held in the Fund as of June 30, 2022 and 2021 was \$24,052 and \$26,448, respectively.

Note 4—Property and equipment

Property and equipment consisted of the following as of June 30:

	2022	2021
Computer, equipment, and software	\$ 246,789	\$ 322,571
Furniture and fixtures	97,189	97,189
Office equipment	65,319	118,306
Leasehold improvements	362,656	362,656
	771,953	900,722
Accumulated depreciation	(550,072)	(594,103)
Property and equipment, net	<u>\$ 221,881</u>	<u>\$ 306,619</u>

Depreciation expense for the years ended June 30, 2022 and 2021 totaled \$99,512 and \$81,472, respectively.

Note 5—Line of credit

The Organization had a line of credit in the amount of \$350,000 which accrues interest at a rate of the one-month LIBOR plus 2.50% per annum. As the LIBOR rate was no longer published after November 9, 2021, the last known rate was estimated to be 0.11%. Accrued interest is payable monthly and principal is due on demand. The line is secured by all assets of the Organization. As of June 30, 2022 and 2021, the Organization had no outstanding balance on the line of credit. There was no interest expense for the years ended June 30, 2022 and 2021.

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Note 6—Fair value measurements

In accordance with guidance on fair value measurements for financial instruments, fair value is defined as the price that the Organization would receive to sell an investment or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market, the most advantageous market for the investment or liability. The fair value guidance establishes a three-tier hierarchy to distinguish between 1) inputs that reflect the assumptions that market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs), and 2) inputs that reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish classification of fair value measurements for disclosure purposes. Various inputs are used in determining the fair value of the Organization's financial instruments.

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

Level 1 – Financial instruments with unadjusted, quoted prices listed on active market exchanges for identical investments at the reporting date. The types of financial instruments which would generally be included in Level 1 are listed mutual funds.

Level 2 – Financial instruments valued using pricing inputs other than quoted prices in active markets which are either directly or indirectly observable at the reporting date. Fair value is determined through use of models or other valuation methodologies.

Level 3 – Financial instruments that are not actively traded on a market exchange and typically require using significant unobservable inputs in determining fair value. The inputs into the determination of fair value require significant judgment or estimation by management or the investment manager.

In determining fair value, the Organization uses various valuation approaches within the U.S. GAAP fair value measurement framework. The following is a description of the valuation methodologies used for instruments measured at fair value and their classification within the hierarchy.

There have been no changes in the methodologies used to value the investments as of June 30, 2022 and 2021.

Certificate of Deposits – Certificates of deposit included in cash equivalents are valued at amortized cost, which approximates fair value. These are included within cash equivalents as a Level 2 measurement in the table below.

Beneficial Interest in Pooled Funds – In accordance with U.S. GAAP, certain investments that are measured at fair value using net asset value ("NAV") per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position. Beneficial interest in pooled funds is valued at NAV provided by the administrator of the funds as a practical expedient to determine fair value. NAV is based on the value of the funds' underlying assets and liabilities. The beneficial interest in pooled funds include equity investments, fixed investments, real assets, real estate, and private equity investments.

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NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note 6—Fair value measurements (continued)

The following tables summarize the valuation of the Organization's financial assets measured at fair value on a recurring basis as of June 30, 2022 and 2021, based on the level of input utilized to measure fair value:

As of June 30, 2022	Level 1	Level 2	Level 3	Total
Certificate of deposit	\$ -	\$ 20,724	\$ -	\$ 20,724
Beneficial interest in pooled funds				210,745
Total investments and beneficial interest in pooled funds				\$ 231,469
As of June 30, 2021	Level 1	Level 2	Level 3	Total
Certificate of deposit	\$ -	\$ 20,724	\$ -	\$ 20,724
Beneficial interest in pooled funds				237,660
Total investments and beneficial interest in pooled funds				\$ 258,384

Note 7—Board-designated net assets

The Organization's Board has the ability to designate net assets for certain funds. A description of those funds is as follows:

Response Funds – The intent of response funds is to allocate one-time grants to non-profit health and human services agencies to address needs in the following categories: unanticipated emergencies, community partnership opportunities, and discretionary funds for individual/family needs. Community investment committees and sub-committees of the Board, review and recommend grants throughout the year.

Board-Designated Net Assets – As of June 30, 2022 and 2021, the Board had designated net assets to specific counties in the Greater Triangle region of North Carolina as follows:

	For the Benefit of				Total
	Durham	Orange	Wake	Johnston	
Response funds	\$ 8,015	\$ 1,814	\$ 22,738	\$ 138	\$ 32,705

Note 8—Net assets with donor restrictions

The Organization's net assets with donor restrictions consist of the following as of June 30:

	2022	2021
Durham One Fund	\$ 185,045	\$ 185,045
Suther Funds	40,900	40,900
Other	111,592	111,592
	\$ 337,537	\$ 337,537

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Note 9—Operating lease

The Organization has an office facility lease. The 90-month lease term includes an annual escalation, with rent recognized on the straight-line basis over the full term of the lease. Rent expense related to this lease was \$112,527 for each of the years ended June 30, 2022 and 2021. As of June 30, 2022 and 2021, the Organization had a deferred liability of \$38,717 and \$43,439, respectively, related to straight-line rent adjustments. The lease includes a tenant improvement allowance for up to \$40 per square foot. The Organization reported as of June 30, 2022 and 2021, a tenant lease incentive liability of \$91,169 and \$119,969, respectively, which is being amortized over the life of the lease.

Future minimum lease payments under the office lease are as follows:

Fiscal Years Ending June 30:

2023	\$ 120,766
2024	124,390
2025	128,121
Thereafter	<u>21,776</u>
	<u>\$ 395,053</u>

Note 10—Retirement plans

The Organization previously sponsored a non-contributory defined contribution pension plan, which was frozen in the 2016 fiscal year that covered all employees who qualify as to age and length of service. The Organization has stopped funding this plan.

The Organization established a thrift plan, which is available to all employees who meet the eligibility requirements. The thrift plan includes an employer match up to a maximum employee contribution of 4.00% of eligible salary. Employer contributions to the thrift plan for the years ended June 30, 2022 and 2021 were \$67,754 and \$60,206, respectively.

Note 11—Capital lease

The Organization has a capital lease for office equipment. The lease requires monthly payments of principal and interest of \$294, bears interest at rate of 5.00% and matures in December of 2023. As of June 30, 2022 and 2021, the outstanding balance related to the capital lease was \$5,085 and \$8,267, respectively.

Future minimum payments on the capital lease are as follows:

Fiscal Years Ending June 30:

2023	\$ 3,182
2024	<u>1,888</u>
	<u>\$ 5,070</u>

Note 12—Functional allocation of expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be specifically identified to a functional area are allocated directly. Expenses that are common to more than one function are allocated by various statistical means and by the use of management's estimates. Personal services and other expenses are allocated based on time and effort, full time equivalents, and square footage.

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Note 13—Band Together obligations

The Organization entered into a Memorandum of Understanding with Band Together where Band Together will raise funds for a third party not-for-profit. As part of the agreement, the Organization has agreed to fund \$50,000 at the beginning of each calendar year 2022 and 2023, \$50,000 at the end of calendar year for the third party not-for-profit, and \$17,000 per month for each calendar year 2022 and 2023. The Organization can receive \$204,000 for reimbursement of the \$17,000 per month, if sufficient proceeds are raised in the calendar year, and if the goal of \$1,000,000 is hit, 12.50% of the proceeds in excess of the goal will go the Organization. If the goal is not met, the Organization will not receive any additional amounts. The annual reimbursements are contingent on the funds raised that year. As of June 30, 2022, the Organization had a receivable of \$204,000 from Band Together that is recorded in other receivables and a liability of \$456,000 due related to Memorandum of Understanding with Band Together that is recorded in accrued expenses.

Note 14—Related party transactions

The Organization had \$134,812 and \$109,658 in contribution revenue from Board members and employees for the years ended June 30, 2022 and 2021 respectively.

Note 15—Subsequent events

The Organization has evaluated subsequent events occurring after the statement of financial position date of June 30, 2022 through November 9, 2022, which represents the date the financial statements were available to be issued and has determined that no subsequent events have occurred which require disclosure in the financial statements.