



Darrell L. Keller, CPA, PA

UNITED WAY OF LINCOLN COUNTY, INC.

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2023 and 2022

(704) 739-0771

UNITED WAY OF LINCOLN COUNTY, INC.
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YEAR ENDED MARCH 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
United Way of Lincoln County, Inc.
Lincolnton, North Carolina

Opinion

We have audited the accompanying financial statements of United Way of Lincoln County, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Lincoln County, Inc. as of March 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Lincoln County, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Lincoln County, Inc.'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 United Way of Lincoln County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Lincoln County, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the United Way of Lincoln County, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 20, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Allocations Distributed to Agencies 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.

Darrell L. Keller, CPA, PA

Darrell L. Keller, CPA, PA
Kings Mountain, North Carolina

September 22, 2023

UNITED WAY OF LINCOLN COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 2023 WITH COMPARATIVE TOTALS FOR 2022

	Without Donor Restriction	With Donor Restriction	Total 2023	Prior 2022
ASSETS				
Cash and cash equivalents	\$ 125,511	\$ 206,312	\$ 331,823	\$ 208,021
Unconditional Promises To Give-				
Net of Allowance for Uncollectible Promises	-	187,800	187,800	187,859
Refunds receivable	912	-	912	754
Grant Receivable	1,302	14,298	15,600	-
Prepaid expenses	-	-	-	-
Security Deposit	400	-	400	400
Fixed Assets-net of depreciation	-	-	-	-
	<u>\$ 128,125</u>	<u>\$ 408,410</u>	<u>\$ 536,535</u>	<u>\$ 397,034</u>
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable	\$ 5,399	\$ 6,838	\$ 12,237	\$ 63,325
Payroll taxes withheld	293	-	293	1,852
Unearned Revenue-Special Event	-	-	-	-
Total liabilities	<u>5,692</u>	<u>6,838</u>	<u>12,530</u>	<u>65,177</u>
Net assets:				
Without Donor Restrictions				
Fixed Assets	-	-	-	-
Board Designated for Reserves	55,437	-	55,437	75,263
Undesignated	66,996	-	66,996	66,338
With Donor Restrictions				
Events and Special Projects	-	8,237	8,237	5,350
Grant Funds	-	212,373	212,373	5,350
Campaign Receivables	-	180,962	180,962	184,906
Total net assets	<u>122,433</u>	<u>401,572</u>	<u>524,005</u>	<u>337,207</u>
Total liabilities and net assets	<u>\$ 128,125</u>	<u>\$ 408,410</u>	<u>\$ 536,535</u>	<u>\$ 402,384</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

UNITED WAY OF LINCOLN COUNTY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2023 WITH PRIOR YEAR COMPARATIVE TOTALS FOR 2022

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total 2023</u>	<u>Prior 2022</u>
Public support and revenue:				
Public support:				
Campaign contributions	\$ -	\$ 377,667	\$ 377,667	\$ 330,540
Less provision for uncollectible pledges	-	(49,336)	(49,336)	(45,400)
Less designations	-	(8,551)	(8,551)	(4,503)
Net campaign contributions	-	319,780	319,780	280,637
Emergency Funds Grant	20,000	180,000	200,000	-
Contributions	-	54,454	54,454	3,500
Gifts in-kind	-	-	-	-
Admin Fee	-	-	-	-
Fundraisers	-	4,657	4,657	-
Interest income	255	-	255	259
Net assets released from restriction (Note 5)	347,575	(347,575)	-	-
Total public support	<u>367,830</u>	<u>211,316</u>	<u>579,146</u>	<u>284,396</u>
 Expenses:				
Allocations to agencies	219,400	-	219,400	231,758
Allocation and agency relations	104,993	-	104,993	97,449
Management and general	33,947	-	33,947	33,595
Fundraising	28,658	-	28,658	12,816
Total expenses	<u>386,998</u>	<u>-</u>	<u>386,998</u>	<u>375,618</u>
 Change in net assets	(19,168)	211,316	192,148	(91,222)
 Net assets:				
Beginning	141,601	190,256	331,857	423,079
Transfer			-	-
Ending	<u>\$ 122,433</u>	<u>\$ 401,572</u>	<u>\$ 524,005</u>	<u>\$ 331,857</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

UNITED WAY OF LINCOLN COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2023 WITH COMPARATIVE TOTALS FOR 2022

	Allocation and Agency Relations	Management and General	Fund Raising	Funds Awarded to Other Agencies	Total 2023	Prior 2022
Salaries and benefits	\$ 67,756	\$ 23,588	\$ 13,817	\$ -	105,161	97,461
Payroll taxes	5,257	1,933	541	-	7,731	7,456
Insurance	940	346	97	-	1,383	2,143
Conference, conventions, and travel	209	77	22	-	308	154
Postage	173	64	17	-	254	218
Professional services	2,720	1,000	280	-	4,000	4,000
Telephone	1,085	399	112	-	1,596	1,564
Supplies and printing	1,174	432	121	-	1,727	1,973
Promotional expenses	-	-	3,047	-	3,047	1,863
Software - Fees & Sub	3,703	1,361	381	-	5,445	4,699
Meeting Expense	163	60	17	-	240	35
Dues and memberships	352	130	36	-	518	332
Website	896	330	92	-	1,318	1,199
Dues to state and national	2,421	890	250	-	3,561	7,776
211/Day of Caring/Teen Board/Asbury	9,069	-	-	-	9,069	4,832
Events	-	-	4,657	-	4,657	1,250
Fees from Other United Ways	-	-	4,236	-	4,236	1,549
Rent	3,468	1,275	357	-	5,100	5,100
Funds Awarded	-	-	-	219,400	219,400	231,758
Miscellaneous	5,607	2,062	578	-	8,247	256
Total expenses before depreciation	<u>104,993</u>	<u>33,947</u>	<u>28,658</u>	<u>219,400</u>	<u>386,998</u>	<u>375,618</u>
Depreciation	-	-	-	-	-	-
Total expenses	<u>\$ 104,993</u>	<u>\$ 33,947</u>	<u>\$ 28,658</u>	<u>\$ 219,400</u>	<u>\$ 386,998</u>	<u>\$ 375,618</u>

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

UNITED WAY OF LINCOLN COUNTY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2023 WITH COMPARATIVE TOTALS FOR 2022

Years Ended March 31,	2023	2022
Cash Flows from operating activities		
Cash received from donors	568,198	285,301
Interest and dividends received	255	259
Other Cash Received	2,607	652
Cash Paid to vendors	(54,242)	(38,726)
Cash paid for payroll and benefits	(114,451)	(103,065)
Designations paid to other United Ways/Non-partner agencies	(963)	(2,883)
Allocations paid to Partner Agencies	(277,602)	(222,639)
Net cash flows provided by (used in) operating activities	123,802	(81,101)
Cash flows from investing activities		
Purchase of Property and Equipment	-	-
Net cash flows provided by (used in) operating activities	-	-
Cash flow from financing activities		
Contributions received with permanent donor restriction	-	-
Net cash flows provided by (used in) financing activities	-	-
Net increase (decrease) in cash, cash equivalents, restricted cash and cash equivalents	123,802	(81,101)
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents		
Beginning of Year	208,021	289,122
End of Year	\$ 331,823	\$ 208,021

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

UNITED WAY OF LINCOLN COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

Note 1. SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF ACTIVITIES

Organizational History

United Way of Lincoln County, Inc. (United Way) is a non-profit organization incorporated on November 4, 1960 and is governed by a volunteer Board of Directors. Its mission is to connect people, resources and ideas to create a thriving community characterized by stability, educational success, and healthy members of the community.

The United Way is a tax exempt organization under section 501(c)(3) of the Internal Revenue Code. However, income generated from activities unrelated to the exempt purpose of the United Way is subject to tax. There was no unrelated business income in the year ended March 31, 2023. The United Way has been classified as an entity that is not a private foundation within the meaning of section 509(a) and contributions to the United Way are tax-deductible within the limitations prescribed by law. The United Way is also classified as a non-profit health and welfare service agency. 55% of revenue was derived through campaign contributions and 35% from Emergency Grant Funding.

Basis of Accounting

The United Way prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. Under those standards, United Way is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restriction and net assets without donor restriction. In addition, the United Way is required to present a statement of cash flows. The United Way uses the accrual method of accounting. Under this method, revenue is recognized when earned, and expenses are recognized when incurred.

Use of Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates include allowance for uncollectible promises to give. Because of the inherent uncertainties in estimating uncollectible promises to give, it is reasonably possible that management's estimates could change in the near term.

Income Taxes

United Way is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for Federal or State income taxes has been made in the accompanying financial statements.

UNITED WAY OF LINCOLN COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

Cash and Cash Equivalents

For purposes of the statements of cash flows, the United Way considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of demand deposits in banks, cash on hand, and deposits in money market accounts. Restricted Cash is donor restricted cash that has yet to be released from restriction.

Campaign Promises to Give Receivable

Unconditional promises to give are recorded as pledges receivable and contribution revenue when the promise is made. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

The United Way uses the allowance method to determine uncollectible pledges receivable. Pledges receivable and related contributions are initially recorded at their net realizable value based on amounts expected to be collected from donors. This valuation reflects net pledge balances at a level which, in the judgment of management, is adequate to meet the present and potential risks of uncollectibility of the pledges receivable. Management's judgment is based on a variety of factors, which include experience related to charge offs and recoveries, previous collection history and scrutiny of individual accounts. Specific accounts are written off only upon notification from donors that the pledges are no longer collectible.

Provision for uncollectible promises to give is computed based upon a five-year historical adjusted average adjusted by management estimates of current economic factors, applied to gross campaign.

Donor-designated promises are not assessed any fees deduction other than the normal provision for uncollectibles.

Accounts Receivable

United Way's accounts receivable are made up of balances due to be received after year end that are not campaign related such as sales tax refunds receivable. Due to the nature of the receivables, management has determined that an allowance for doubtful accounts is not necessary.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items and expensed as the items are used.

UNITED WAY OF LINCOLN COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

Property and Equipment

The United Way capitalizes property and equipment with a value over \$5,000 and a useful life over one year. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value on the date of the gift. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the United Way reports expirations of donor restrictions when the donated or acquired assets are placed in service. United Way reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to thirty years. Management annually reviews these assets to determine whether carrying values have been impaired.

Net Asset Classifications

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. For example, the Board has designated a portion of net assets without donor restrictions as reserved for future allocations in the event of closure of the United Way.

See note 8 for more information on the composition of net assets without donor restrictions.

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time, and/or purpose restrictions.

The United Way reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

See Note 9 for more information on the composition of net assets with donor restrictions.

UNITED WAY OF LINCOLN COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

Revenue Recognition and Contributions

The Organization adopted the requirements of Financial Accounting Standards Board's Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers" (ASU 2014-09), during a prior fiscal year. The core principle of this standard is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Contributions are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of cash and other assets are considered to be available for undesignated use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or the purpose of the 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.

A portion of the Organization's revenue is derived from cost-reimbursable federal, state, and local grants, which are conditioned upon certain performance requirements and or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. No funds have been received in advance that have not been utilized and meet the requirements to be considered conditional and therefore recorded as refundable advances.

Contributed Goods and Services

Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. No amounts have been reflected in the financial statements for donated services. United Way generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the United Way carrying out its fundraising and special programs, but these services do not meet the criteria for recognition as contributed services. The United Way had 669 volunteer hours from 150 volunteers in fiscal year ending March 31, 2023 and 669 volunteer hours from 61 volunteers in fiscal year ending March 31, 2022.

The Organization did not receive any support in the form of contributed goods.

Functional Allocation of Expenses

Expenses are summarized and categorized based on their functional classification as Allocation and Agency Relations, Management and General, or Fundraising in the statement of functional expenses. Specific expenses that are readily identifiable to a single program or activity are charged directly to that

UNITED WAY OF LINCOLN COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

function. However, some expenses relate to more than one function and must be allocated among the program and supporting services benefited. Salaries and related expenses are allocated based on the estimated time the employee spends on each function.

Concentration of Credit Risk

The United Way is subject to a credit risk in relation to outstanding promises to give. These promises to give receivables come from corporate and individual donors in a concentrated geographic area. Management does not consider this concentration to be a significant credit risk.

The United Way maintains demand deposits at one bank in North Carolina which are secured by the Federal Deposit Insurance Corporation.

At March 31, 2023 the deposits had a carrying value of \$331,823 and a bank balance of \$331,607. Of this amount \$250,000 is covered by FDIC and \$81,608 was uninsured. Management does not consider this concentration to be a significant risk.

At March 31, 2022 the deposits had a carrying value of \$208,021 and a bank balance of \$208,021. Of this amount \$208,021 is covered by FDIC and \$0 was uninsured. Management does not consider this concentration to be a significant risk.

Advertising

The United Way expenses advertising costs as incurred.

Note 2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the United Way's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial Assets at Year End	\$536,135
Less those available for general expenditure within one Year, due to:	
Donor Restricted:	
As designations to other United Ways	(6,838)
Grant Funding	(212,373)
Special Events and Projects	(8,237)
Unavailable to management without Board approval	
Board designated for future allocations	(55,437)
Financial assets available to meet cash needs for general Expenditure within one year	<u>\$253,250</u>

UNITED WAY OF LINCOLN COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

Note 3. PROMISES TO GIVE

Unconditional Promises to Give as of March 31, 2023 is summarized as follows:

	Pledges due in less than one year	Pledges due within 1-5 years	Less: unamortized present value discount	Pledges receivable balance, net of discount	Allowance	Pledges receivable balance, net of discount and allowance
Campaign pledges receivable:						
2021/2022 Campaign	\$ 55,891	\$ -	\$ -	\$ 55,891	\$ 51,020	\$ 4,871
2022/2023 Campaign	<u>210,770</u>	<u>-</u>	<u>-</u>	<u>210,770</u>	<u>27,841</u>	<u>182,929</u>
Subtotal	<u>\$ 266,661</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 266,661</u>	<u>\$ 78,861</u>	<u>\$ 187,800</u>

Allowance for uncollectible pledges was \$78,861 resulting in a net receivable of \$187,800. Because pledges are short term pledges there is no discount for present value.

Unconditional Promises to Give as of March 31, 2022 is summarized as follows:

	Pledges due in less than one year	Pledges due within 1-5 years	Less: unamortized present value discount	Pledges receivable balance, net of discount	Allowance	Pledges receivable balance, net of discount and allowance
Campaign pledges receivable:						
2020/2021 Campaign	\$ 36,543	\$ -	\$ -	\$ 36,543	\$ 33,858	\$ 2,685
2021/2022 Campaign	<u>214,699</u>	<u>-</u>	<u>-</u>	<u>214,699</u>	<u>29,525</u>	<u>185,174</u>
Subtotal	<u>\$ 251,242</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 251,242</u>	<u>\$ 63,383</u>	<u>\$ 187,859</u>

Allowance for uncollectible pledges was \$63,383 resulting in a net receivable of \$187,859. Because pledges are short term pledges there is no discount for present value.

Management typically uses the actual average uncollectible amount for the past 5 years to determine the estimated allowance on the current year campaign. For the 2020/2021 campaign the Organization elected to use 6.5% of the net campaign due to the COVID-19 pandemic. Actual uncollectible was 9.75%. Management elected to use 9% for the 2021/2022 campaign due to the continuing COVID-19 pandemic and the prior year history. See Note 13 for a discussion of COVID-19. Management reviewed all outstanding accounts for the 2021/2022 campaign and adjusted the allowance to expected uncollectible amount. Actual bad debt is 12.40%. Management has elected to return to the 5 year average calculation due to the return to normal activities post pandemic. The increase in actual bad debt for the last two years increased the calculation of the 5 year average. The allowance for the 2022/2023 campaign is calculated as 7.69% of campaign. It is management's policy that the uncollectible amounts be written off in the August after the campaign year (e.g. 2021/2022 actual uncollectible will be written off in August 2023).

UNITED WAY OF LINCOLN COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

Note 4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>3/31/2023</u>	<u>3/31/2022</u>
Property and Equipment	\$ -	\$ 4,254
Less Accumulated Depreciation	-	(4,254)
Net Property and Equipment	<u>\$ -</u>	<u>\$ -</u>

Note 5. LONG TERM DEBT

As of March 31, 2023 and 2022 the United Way did not have any long term debt.

Note 6. LEASES

Beginning in fiscal year March 31, 2020 the United Way began leasing space at a cost of \$350 per month. The lease is for a period of twelve months, May 1, 2021 through April 30, 2022. It was renewed for an additional twelve-month term which ended April 30, 2023. A new lease agreement was not signed and the lease is now on a month-to-month basis.

The Organization also leases storage space for \$75.00 per month on a month-to-month lease.

Note 7. GIFTS IN KIND

The United Way did not receive gifts in kind or contributed goods or services in March 31, 2023 or 2022.

Note 8. NET ASSETS WITHOUT DONOR RESTRICTIONS

The United Way's net assets without donor restrictions is comprised of undesignated and Board designated amounts for the following purposes at March 31, 2023 and 2022:

	<u>3/31/23</u>	<u>3/31/22</u>
Undesignated	\$ 66,996	66,338
Fixed Assets	0	0
Board Designated for Reserves	<u>55,437</u>	<u>75,263</u>
Total	<u>\$122,433</u>	<u>\$141,601</u>

Board Designated for Reserves

The Board has designated funds be set aside as reserves to pay allocations in the event that the United Way does not have the funds to pay allocations or ceases operations.

UNITED WAY OF LINCOLN COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

Note 9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	<u>3/31/2023</u>	<u>3/31/2022</u>
Net Promises to give	\$ 187,800	\$ 187,859
Day of Caring	2,079	1,924
Teen Center	808	849
Specific Event	-	-
Christmas Fund	1,697	1,166
DIS Assistance	961	961
Asbury Project	4	4
Asbury Restricted	-	-
Specific Purpose	655	413
West ARC	33	33
Cultural Humanity Training	2,000	-
Emergency Funding	198,075	-
Carolina Across 100	14,298	-
Accounts Payable restricted to other agencies	(6,838)	(2,953)
Total temporarily restricted net assets	<u>\$ 401,572</u>	<u>\$ 190,256</u>

Net promises to give are considered net assets with donor restrictions until collected.

Amounts contributed to the projects listed above are restricted for use for these activities. The amounts above represent the contributions/cash that has yet to be expended.

Note 10. ACCOUNTS PAYABLE, INCLUDING DESIGNATIONS TO OTHER AGENCIES

	<u>3/31/2023</u>	<u>3/31/2022</u>
Accounts Payable-Expenses	\$ 5,399	\$ 2,170
Payroll Liabilities	293	1,852
Accounts Payable-Allocations	-	58,202
Accounts Payable-Designations	6,838	2,953
Total Accounts Payable	<u>\$ 12,530</u>	<u>\$ 65,177</u>

UNITED WAY OF LINCOLN COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

Note 11. SUBSEQUENT EVENTS

The United Way has evaluated its financial statements for subsequent events through September 22, 2023, the date the financial statements were available to be issued. The Organization is not aware of any such events which would require recognition or disclosure in the financial statements.

Note 12. COVID-19 PANDEMIC

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact campaign collections. The disruption was originally expected to be temporary but has continued throughout 2023. COVID-19 caused business disruption through mandated and voluntary closings of multiple businesses which has caused widespread unemployment throughout North Carolina. This has affected the uncollectible amounts of pledges in prior years because the majority of pledges are done through payroll deduction. When an individual is laid off or a business shuts down, the pledge will remain uncollected. While management believes things are returning to prepandemic levels the potential impact on the current campaign cannot be reasonably estimated at this time.

Note 13. ACCOUNTING STANDARDS ADOPTION

During 2023, the Organization adopted FASB ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU requires not-for-profit entities to present contributed nonfinancial assets in the statement of activities separately from other contributions. Additionally, the ASU enhances disclosure regarding the entity's policies related to the monetization or utilization of the contributed nonfinancial assets. The adoption of this ASU did not have a significant effect on the financial statements as there were no contributed nonfinancial assets.

During 2023, the Organization adopted ASU No. 2016-02, *Leases*. This ASU requires entities to recognize all leased assets as a right-of-use asset on the statement of financial position with a corresponding lease liability resulting in a gross up of the statement of financial position. Entities will also be required to present additional disclosures regarding the nature and extent of leasing activities. The adoption of this ASU did not have a significant effect on the financial statements as all leases are short term, month-to-month leases.

UNITED WAY OF LINCOLN COUNTY, INC.
SCHEDULE OF ALLOCATIONS DISTRIBUTED TO AGENCIES
FOR THE YEAR ENDED MARCH 31, 2023 WITH COMPARATIVE TOTALS FOR 2022

	<u>2023</u>	<u>2022</u>
A Place To Grow	\$ 7,114	\$ 10,000
Boy Scouts	10,450	10,000
Communities In Schools	22,000	20,808
Community Friends/Senior Services	10,000	10,000
Gaston Family Health Services Lincolnton	15,000	15,000
Hessed House of Hope	15,000	15,000
Hospice and Palliative Care	20,000	20,000
LC Coalition Against Child Abuse	20,000	30,000
LC Coalition Against Domestic Violence	30,000	30,000
Lincoln County Family YMCA	25,000	20,000
Salem Industries	6,310	22,000
Sally's YMCA	15,000	15,000
Special Olympics	15,000	5,000
Other		
Direct Assistance	1,440	4,505
Emergency Funding Assistance	7,086	4,445
 Total allocation to agencies	 <u>\$ 219,400</u>	 <u>\$ 231,758</u>

The Accompanying Notes are an Integral Part of these Financial Statements.