

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

FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2021 and 2020

And Report of Independent Auditor

UNITED WAY OF THE GREATER TRIANGLE, INC.

TABLE OF CONTENTS

REPORT OF INDEPENDENT AUDITOR 1

FINANCIAL STATEMENTS

Statements of Financial Position 2
Statements of Activities and Changes in Net Assets 3-4
Statements of Functional Expenses 5-6
Statements of Cash Flows 7
Notes to the Financial Statements 8-16

Report of Independent Auditor

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

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, 2021 and 2020, 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.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2021 and 2020, 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.



Durham, North Carolina
November 10, 2021

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

JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 8,259,505	\$ 3,892,227
Investments	20,724	20,724
Beneficial interest in pooled funds	237,660	196,705
Contributions receivable, net	1,971,086	2,239,718
Other receivables	9,365	7,070
Prepaid expenses and other	56,563	43,548
Total Current Assets	<u>10,554,903</u>	<u>6,399,992</u>
Property and equipment, net	306,619	388,092
Total Assets	<u><u>\$ 10,861,522</u></u>	<u><u>\$ 6,788,084</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Donor designations payable	\$ 551,761	\$ 541,130
Allocations payable	4,655,000	3,571,699
Accounts payable and accrued expenses	309,935	165,437
Current portion of tenant lease incentives	28,800	28,800
Current portion of capital lease obligations	3,182	9,197
Deferred income	-	25,277
Total Current Liabilities	<u>5,548,678</u>	<u>4,341,540</u>
Deferred rent	43,439	44,746
Tenant lease incentives	91,169	119,977
Capital lease obligations, net of current portion	5,085	8,267
Total Liabilities	<u>5,688,371</u>	<u>4,514,530</u>
Net Assets:		
Without Donor Restrictions:		
Designated by the board for response initiatives	32,705	32,705
Undesignated	4,802,909	1,828,429
	<u>4,835,614</u>	<u>1,861,134</u>
With Donor Restrictions	337,537	412,420
Total Net Assets	<u>5,173,151</u>	<u>2,273,554</u>
Total Liabilities and Net Assets	<u><u>\$ 10,861,522</u></u>	<u><u>\$ 6,788,084</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, 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 income	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>
Changes in net assets	2,974,480	(74,883)	2,899,597
Net assets, beginning of year	<u>1,861,134</u>	<u>412,420</u>	<u>2,273,554</u>
Net assets, end of year	<u>\$ 4,835,614</u>	<u>\$ 337,537</u>	<u>\$ 5,173,151</u>

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

YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue:			
Campaign Promises to Give Received:			
Prior year campaigns	\$ 315,930	\$ -	\$ 315,930
Current year campaigns	9,073,429	-	9,073,429
Less donor designations to other agencies	(2,146,474)	-	(2,146,474)
Less estimated uncollectible promises to give	(205,535)	-	(205,535)
Net Campaign Revenue	<u>7,037,350</u>	<u>-</u>	<u>7,037,350</u>
Grants	54,978	426,177	481,155
Administrative fees earned	12,753	-	12,753
Investment income	24,413	-	24,413
Gifts in kind	10,850	-	10,850
Other income	281,789	-	281,789
	<u>384,783</u>	<u>426,177</u>	<u>810,960</u>
Net assets released from restrictions	552,798	(552,798)	-
Total Support and Revenue	<u>7,974,931</u>	<u>(126,621)</u>	<u>7,848,310</u>
Expenses:			
Program Expenses	5,968,285	-	5,968,285
Supporting Services:			
Fundraising	1,071,902	-	1,071,902
Administration	856,574	-	856,574
Total Expenses	<u>7,896,761</u>	<u>-</u>	<u>7,896,761</u>
Changes in net assets	78,170	(126,621)	(48,451)
Net assets, beginning of year	1,782,964	539,041	2,322,005
Net assets, end of year	<u>\$ 1,861,134</u>	<u>\$ 412,420</u>	<u>\$ 2,273,554</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

	Program Services	Support Services		Total
		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>

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

YEAR ENDED JUNE 30, 2020

	Program Services	Support Services		Total
		Fundraising	Administration	
Distributions to community agencies	\$ 4,894,395	\$ -	\$ -	\$ 4,894,395
Salaries and temporary help	570,248	701,946	384,165	1,656,359
Promotion, printing, and supplies	11,944	13,371	10,106	35,421
Membership dues and subscriptions	3,915	8,180	5,026	17,121
Rent and occupancy costs	16,204	23,712	38,559	78,475
Payroll taxes/fees	44,978	32,402	3,356	80,736
Employee benefits	149,174	108,614	11,695	269,483
Contracted services and technical consultation	117,066	25,833	110,020	252,919
Depreciation	25,649	38,474	64,124	128,247
Affiliation dues	-	-	107,322	107,322
Conferences, travel, and training	53,472	22,924	5,737	82,133
Business/financial service fees	3,695	-	29,071	32,766
Professional fees	-	-	41,790	41,790
Office services and supplies	9,433	13,192	13,041	35,666
Computer services and supplies	48,572	15,701	26,168	90,441
Special events	17,342	64,256	-	81,598
Insurance	2,198	3,297	5,494	10,989
Interest expense	-	-	900	900
	<u>\$ 5,968,285</u>	<u>\$ 1,071,902</u>	<u>\$ 856,574</u>	<u>\$ 7,896,761</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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,899,597	\$ (48,451)
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation expense	81,472	128,247
Realized and unrealized gains on beneficial interest in pooled funds	(40,955)	(6,943)
Change in net assets and liabilities:		
Contributions receivable, net	268,632	386,451
Other receivables	(2,295)	122,833
Prepaid expenses and other	(13,015)	(2,813)
Donor designations payable	10,631	(7,607)
Allocations payable	1,083,301	-
Accounts payable and accrued expenses	144,499	(87,651)
Deferred income	(25,277)	25,277
Deferred rent	(1,307)	(12,555)
Tenant lease incentives	(28,808)	(28,796)
Net cash flows from operating activities	<u>4,376,475</u>	<u>467,992</u>
Cash flows from investing activities:		
Purchases of property and equipment	-	(25,295)
Net cash flows from investing activities	<u>-</u>	<u>(25,295)</u>
Cash flows from financing activities:		
Payments made under capital lease obligations	(9,197)	(11,855)
Net cash flows from financing activities	<u>(9,197)</u>	<u>(11,855)</u>
Net increase in cash and cash equivalents	4,367,278	430,842
Cash and equivalents, beginning of year	3,892,227	3,461,385
Cash and equivalents, end of year	<u>\$ 8,259,505</u>	<u>\$ 3,892,227</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ -</u>	<u>\$ 900</u>

UNITED WAY OF THE GREATER TRIANGLE, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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, where by 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 July 2020, the Federal Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires presentation of contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. It also requires a disclosure of disaggregated contributions of nonfinancial assets by category that depicts the type of contributed nonfinancial assets. This distinction will increase transparency of contributions recognized. This standard will be effective for the year ended June 30, 2022. Management is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

In February 2016, FASB issued 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 Agency 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. Early adoption is permitted. Management is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

UNITED WAY OF THE GREATER TRIANGLE, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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 \$7,278,798 and \$3,064,315 of cash and cash equivalents in excess of these insured amounts as of June 30, 2021 and 2020, 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, 2021 and 2020 was \$668,840 and \$376,420, respectively, and represent 5.05% and 4.40% of unrestricted giving in the 2021 and 2020 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 are 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, 2021 and 2020.

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, 2021 AND 2020

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

Investment Income – 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 \$357,922 and \$481,155 in the years ended June 30, 2021 and 2020, respectively.

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.

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 periods ended June 30, 2021 and 2020.

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, 2021 and 2020 and, accordingly, no liability has been accrued.

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

JUNE 30, 2021 AND 2020

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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 8,259,505	\$ 3,892,227
Investments	20,724	20,724
Beneficial interest in pooled funds	237,660	196,705
Contributions receivable, net	1,971,086	2,239,718
Other receivables	9,365	7,070
Total financial assets	<u>10,498,340</u>	<u>6,356,444</u>
Less amounts not available for general expenditures within one year:		
Net assets with donor restrictions	(337,537)	(412,420)
Beneficial interest in pooled funds, non-spendable portion	(111,717)	(81,591)
Donor designations payable	<u>(551,761)</u>	<u>(541,130)</u>
Total financial assets available to meet general expenditures within one year	<u>\$ 9,497,325</u>	<u>\$ 5,321,303</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.

Note 3—Investments and beneficial interest in pooled funds

Investments and beneficial interest in pooled funds as of June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Certificates of deposit	\$ 20,724	\$ 20,724
Beneficial interest in pooled funds	237,660	196,705
Total investments and beneficial interest in pooled funds	<u>\$ 258,384</u>	<u>\$ 217,429</u>

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, 2021 AND 2020

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

Certificates of Deposits – For the years ended June 30, 2021 and 2020, 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, 2021 and 2020, the Organization held investments in the Fund of \$237,660 (with \$125,943 spendable) and \$196,705 (with \$115,114 spendable), respectively. The fair value of the Organization’s proportional share of alternative investments held in the Fund as of June 30, 2021 and 2020 was \$26,448 and \$24,174, respectively.

Note 4—Property and equipment

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

	<u>2021</u>	<u>2020</u>
Computer, equipment, and software	\$ 322,571	\$ 322,571
Furniture and fixtures	97,189	97,189
Office equipment	118,306	118,306
Leasehold improvements	362,656	362,656
	900,722	900,722
Accumulated depreciation	<u>(594,103)</u>	<u>(512,630)</u>
Property and equipment, net	<u>\$ 306,619</u>	<u>\$ 388,092</u>

Depreciation expense for the years ended June 30, 2021 and 2020 totaled \$81,472 and \$128,247, 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. 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, 2021 and 2020, the Organization had no outstanding balance on the line of credit. There was no interest expense for the year ended June 30, 2021. Interest expense for the year ended June 30, 2020 was \$900.

UNITED WAY OF THE GREATER TRIANGLE, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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.

Fair value is defined 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 value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value. 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.

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 the net asset value 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 are valued at the net asset value ("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.

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

JUNE 30, 2021 AND 2020

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, 2021 and 2020, based on the level of input utilized to measure fair value:

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
As of June 30, 2020	Level 1	Level 2	Level 3	Total
Certificate of deposit	\$ -	\$ 20,724	\$ -	\$ 20,724
Beneficial interest in pooled funds				196,705
Total investments and beneficial interest in pooled funds				\$ 217,429

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 nonprofit 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, sub-committees of the board, review and recommend grants throughout the year.

Board-Designated Net Assets – As of June 30, 2021 and 2020, 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

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

JUNE 30, 2021 AND 2020

Note 8—Net assets with donor restrictions

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

	2021	2020
Youth Thrive	\$ -	\$ 74,883
Durham One Fund	185,045	185,045
Suther Funds	40,900	40,900
Other	111,592	111,592
	<u>\$ 337,537</u>	<u>\$ 412,420</u>

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 the years ended June 30, 2021 and 2020. As of June 30, 2021 and 2020, the Organization had a deferred liability of \$43,439 and \$44,746, 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, 2021 and 2020, a tenant lease incentive liability of \$119,969 and \$148,777, respectively, which is being amortized over the life of the lease.

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

Fiscal Years Ending June 30:

2022	\$ 117,249
2023	120,767
2024	124,390
2025	128,122
Thereafter	<u>21,776</u>
	<u>\$ 512,304</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, 2021 and 2020 were \$60,206 and \$38,859, respectively.

UNITED WAY OF THE GREATER TRIANGLE, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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, 2021 and 2020, the outstanding balance related to the capital lease was \$8,267 and \$17,464, respectively.

Future minimum payments on the capital lease are as follows:

Fiscal Years Ending June 30:

2022	\$ 3,182
2023	3,347
2024	1,738
	<u>\$ 8,267</u>

Note 12—COVID-19 pandemic

On January 30, 2020, the World Health Organization declared the coronavirus (“COVID-19”) outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines, or stay-at-home restrictions in certain areas and forced closures for certain types of public places and businesses. COVID-19 and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets globally, including the geographical areas in which the Organization operates. The Organization’s office was initially closed to all staff and volunteers temporarily for the safety of employees, families, and the community. The Organization began reopening in June 2020 using a phased approach that allows a small number of employees to return to work.

While it is unknown how long these conditions will last and what the complete financial impact will be to the Organization, they are closely monitoring the impact of the COVID-19 pandemic on all aspects of our business and are unable at this time to predict the continued impact that COVID-19 will have on the Organization, financial position, and operating results in future periods due to numerous uncertainties.

On April 29, 2020, the Organization received a Paycheck Protection Program (“PPP”) loan for \$307,000 from the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). This loan was funded by SunTrust Bank. PPP funds are considered conditional contributions, with right of return in the form of an obligation to be repaid if a barrier to entitlement is not met. The barrier is that PPP loan funds must be used to maintain compensation costs and employee headcount, and other qualifying expenses (rent and utilities) incurred following the receipt of the loan funds. The Organization elected to treat the PPP loan as deferred income and recognizes income on a systematic basis as the conditions to obtain forgiveness are met. During the year ended June 30, 2020, the Organization recognized \$281,789 as miscellaneous income and as of June 30, 2020, the Organization had \$25,277 in deferred income. During the year ended June 30, 2021, the remaining income of \$25,277 was recognized as miscellaneous income. On March 18, 2021, the Organization’s PPP loan was fully forgiven.

Note 13—Subsequent events

The Organization has evaluated subsequent events through November 10, 2021, which represents the date the financial statements were available to be issued.