UNITED WAY OF THE GREATER TRIANGLE, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

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Bernard Robinson & Company, L.L.P.

Independent Auditor's Report

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. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, 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 assets and net assets of United Way of the Greater Triangle, Inc. as of June 30, 2023, and its results of operations 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 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility 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, 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 the Greater Triangle, 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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 auditing standards generally accepted in the United States of America 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, including omissions, 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 auditing standards generally accepted in the United States of America, 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 the Greater Triangle, 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 the Greater Triangle, 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.

Prior Period Financial Statements

The financial statements of United Way of the Greater Triangle, Inc. as of June 30, 2022 were audited by other auditors whose report dated November 9, 2022 expressed an unmodified opinion on those statements. As discussed in Note 14, the financial statements as of and for the year ended June 30, 2022 have been restated to correct the treatment of certain assets and liabilities, which required adjustment including investments, accumulated depreciation, allocations payable and donor designations payable so that they are in accordance with accounting principles generally accepted in the United States. The other auditors reported on the June 30, 2022 financial statements before the restatement.

Prior Period Financial Statements (Continued)

As part of our audit of the financial statements as of and for the year ended June 30, 2023, we also audited adjustments described in Note 14 that were applied to restate the 2022 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2022 financial statements of the Organization other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2022 financial statements as a whole.

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
January 3, 2024

UNITED WAY OF THE GREATER TRIANGLE, INC.
Statements of Financial Position
June 30, 2023 and 2022

Assets

	2023	2022
Current Assets:		
Cash and cash equivalents	**$ 1,504,466**	$ 4,549,405
Beneficial interest in pooled funds, spendable	**178,762**	173,159
Contributions receivable, net	**1,643,027**	2,136,798
Grants receivable	**1,224,916**	1,575,000
Other receivables	**206,372**	210,174
Prepaid expenses and other	**64,897**	64,066
Total current assets	**4,822,440**	8,708,602
Property and equipment, net	**135,663**	210,994
Right of use assets	**174,921**	-
Beneficial interest in pooled funds, non-spendable	**99,758**	92,505
Total assets	**$ 5,232,782**	$ 9,012,101

Liabilities and Net Assets

	2023	2022
Current Liabilities:		
Donor designations payable	**$ 596,061**	$ 590,960
Allocations payable	**2,910,000**	4,622,274
Accounts payable and accrued expenses	**400,602**	720,148
Current portion of tenant lease incentives	**-**	28,800
Current portion of capital lease obligations	**-**	3,182
Current portion of right of use liabilities (finance lease)	**1,745**	-
Current portion of right of use liabilities (operating lease)	**118,628**	-
Total current liabilities	**4,027,036**	5,965,364
Deferred rent	**-**	38,717
Tenant lease incentives, net of current portion	**-**	62,369
Capital lease obligations, net of current portion	**-**	1,888
Right of use operating liabilities, net of current portion	**147,577**	-
Total liabilities	**4,174,613**	6,068,338
Net Assets:		
Without donor restrictions:		
Designated by the board for response initiatives	**32,705**	32,705
Undesignated	**751,831**	2,644,678
	784,536	2,677,383
With donor restrictions	**273,633**	266,380
Total net assets	**1,058,169**	2,943,763
Total liabilities and net assets	**$ 5,232,782**	$ 9,012,101

See Notes to Financial Statements

UNITED WAY OF THE GREATER TRIANGLE, INC.
Statements of Activities and Changes in Net Assets
Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Campaign Promises to Give Received:						
Prior year campaigns	**$ 330,658**	**$ -**	**$ 330,658**	$ 278,165	$ -	$ 278,165
Current year campaigns	**6,722,154**	**-**	**6,722,154**	7,136,045	-	7,136,045
Less donor designations to other agencies	**(880,406)**	**-**	**(880,406)**	(1,984,103)	-	(1,984,103)
Less estimated uncollectible promises to give	**(95,570)**	**-**	**(95,570)**	(81,264)	-	(81,264)
In-Kind Contributions	**-**	**-**	**-**	15,000	-	15,000
Net campaign revenue	**6,076,836**	**-**	**6,076,836**	5,363,843	-	5,363,843
Grants	**493,692**	**-**	**493,692**	2,648,457	-	2,648,457
Administrative fees earned	**4,697**	**-**	**4,697**	5,258	-	5,258
Investment return, net	**5,603**	**7,253**	**12,856**	(17,670)	(14,206)	(31,876)
Special events income	**-**	**-**	**-**	467,266	-	467,266
Other income	**123,021**	**-**	**123,021**	194,956	-	194,956
Total support and revenue	**6,703,849**	**7,253**	**6,711,102**	8,662,110	(14,206)	8,647,904
Expenses:						
Program expenses	**6,128,540**	**-**	**6,128,540**	8,558,378	-	8,558,378
Supporting services:						
Fundraising	**1,023,603**	**-**	**1,023,603**	980,253	-	980,253
Administration	**1,444,553**	**-**	**1,444,553**	1,391,276	-	1,391,276
Total expenses	**8,596,696**	**-**	**8,596,696**	10,929,907	-	10,929,907
Changes in net assets	**(1,892,847)**	**7,253**	**(1,885,594)**	(2,267,797)	(14,206)	(2,282,003)
Net assets, beginning of year	**2,677,383**	**266,380**	**2,943,763**	4,945,180	280,586	5,225,766
Net assets, end of year	**$ 784,536**	**$ 273,633**	**$ 1,058,169**	$ 2,677,383	$ 266,380	$ 2,943,763

See Notes to Financial Statements

UNITED WAY OF THE GREATER TRIANGLE, INC.
Statement of Functional Expenses
Year Ended June 30, 2023

		Supporting Services		
	Program Services	Fundraising	Administration	Total
Distributions to community agencies	$ 4,168,530	$ -	$ -	$ 4,168,530
Salaries and temporary help	720,415	622,139	1,000,606	2,343,160
Promotion, printing, and supplies	19,515	10,385	1,651	31,551
Membership dues and subscriptions	21,875	8,594	6,416	36,885
Rent and occupancy costs	42,605	12,394	28,733	83,732
Payroll taxes/fees	53,947	46,919	64,999	165,865
Employee benefits	131,171	92,304	56,578	280,053
Contracted services and technical consultation	438,938	72,733	98,221	609,892
Depreciation	35,333	10,600	24,733	70,666
Amortization	1,568	470	1,097	3,135
Bad debt	164,625	-	-	164,625
Affiliation dues	62,751	18,825	43,925	125,501
Conferences, travel, and training	58,477	16,968	5,182	80,627
Business/financial service fees	11,705	3,511	8,194	23,410
Professional fees	29,090	5,305	12,379	46,774
Office services and supplies	22,293	12,071	9,994	44,358
Computer services and supplies	139,859	33,567	77,755	251,181
Special events	-	55,065	-	55,065
Insurance	5,760	1,728	4,032	11,520
Interest expense	83	25	58	166
	$ 6,128,540	$ 1,023,603	$ 1,444,553	$ 8,596,696

UNITED WAY OF THE GREATER TRIANGLE, INC.
Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services	Supporting Services: Fundraising	Supporting Services: Administration	Total
Distributions to community agencies	$ 6,633,222	$ -	$ -	$ 6,633,222
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	51,311	15,394	35,918	102,623
Amortization	-	-	-	-
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
Interest expense	173	52	121	346
	$ 8,558,378	$ 980,253	$ 1,391,276	$ 10,929,907

UNITED WAY OF THE GREATER TRIANGLE, INC.
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Changes in net assets	**$ (1,885,594)**	$ (2,282,003)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Provision for uncollectible pledges	**(652,112)**	81,264
Depreciation	**70,666**	102,623
Amortization (finance lease)	**3,135**	-
Operating lease expense	**83,732**	-
Realized and unrealized losses (gains) on beneficial interest in pooled funds	**(12,856)**	31,877
(Increase) decrease in:		
Contributions receivable, net	**1,145,883**	(246,976)
Grant receivable	**350,084**	(1,575,000)
Other receivables	**3,802**	(200,809)
Prepaid expenses and other	**(831)**	(7,503)
Operating right of use assets	**(9,028)**	-
Increase (decrease) in:		
Donor designations payable	**5,101**	39,199
Allocations payable	**(1,712,274)**	(32,726)
Accounts payable and accrued expenses	**(319,546)**	410,213
Deferred rent	**-**	(4,722)
Tenant lease incentives	**-**	(28,800)
Operating right of use lease liabilities	**(111,733)**	-
Net cash used in operating activities	**(3,041,571)**	(3,713,363)
Cash flows from investing activities:		
Proceeds from the sale of investments	**-**	21,235
Purchase of property and equipment	**-**	(14,775)
Net cash provided by investing activities	**-**	6,460
Cash flows from financing activities:		
Payments made under capital lease obligations	**-**	(3,197)
Payments made on principal of finance lease	**(3,368)**	-
Net cash used in financing activities	**(3,368)**	(3,197)
Decrease in cash and cash equivalents	**(3,044,939)**	(3,710,100)
Cash and cash equivalents - beginning	**4,549,405**	8,259,505
Cash and cash equivalents - ending	**$ 1,504,466**	$ 4,549,405

See Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 accounting principles generally accepted in United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Changes in Financial Accounting and Reporting

For the year ended June 30, 2023, the Organization implemented Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). The objective of this ASU is to increase transparency and comparability in financial reporting by requiring balance sheet recognition of leases and note disclosure of certain information about lease arrangements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in Financial Accounting and Reporting (Continued)

ASU No. 2016-02 increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for all leases, including those that previously were classified as operating leases and recognized as income by lessors and expenses by lessees. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred lease liability, thereby enhancing the relevance and consistency of information about the Organization's leasing activities.

Under ASU No. 2016-02, the Organization applied a modified retrospective transition in which the standard is applied to the beginning of the period of adoption, July 1, 2022.

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 $879,578 and $3,686,494 of cash and cash equivalents in excess of these insured amounts as of June 30, 2023 and 2022, respectively.

Financial Instruments and Credit Risk Concentration

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist primarily of 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, 2023 and 2022 was $97,992 and $750,104, 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).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment is stated at cost for purchased assets or 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, 2023 and 2022.

Right Of Use Assets

Leases that provide the Organization the right to use an asset for a period of more than one year are considered a right-of-use asset. Right-of-use leased assets are recorded at the initial measurement of the lease liability which equals the present value of all payments expected to be made during the lease term. The right-of-use leased assets are amortized over the term of the lease(s).

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.

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 $493,692 and $2,648,457 in the years ended June 30, 2023 and 2022, respectively. The Organization deems all grant receivables to be fully collectible based on historical collections, and as such no allowance for doubtful accounts related to grants has been recorded as of June 30, 2023 and 2022.

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, 2023 and 2022.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Status (Continued)

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, 2023 and 2022 and, accordingly, no liability has been accrued.

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.

Subsequent Events

Management has evaluated events and transactions for potential recognition or disclosure through January 3, 2024, which is the date the financial statements were available to be issued.

Reclassification

Certain 2022 amounts have been reclassified to conform with the current year presentation. These reclassifications did not result in any adjustment to the changes in net assets without donor restriction.

NOTE 2 - LIQUIDITY AND AVAILABILITY

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, 2023 and 2022:

	2023	2022
Financial assets:		
Cash and cash equivalents	**$ 1,504,466**	$ 4,549,405
Beneficial interest in pooled funds	**178,762**	173,159
Contributions receivable, net	**1,643,027**	2,136,798
Grants receivable	**1,224,916**	1,575,000
Other receivables	**206,372**	210,174
Total financial assets	**4,757,543**	8,644,536
Less amounts not available for general expenditures within one year:		
Net assets with donor restrictions	**(273,633)**	(266,380)
Donor designations payable	**(596,061)**	(590,960)
Total financial assets available to meet general expenditures within one year	**$ 3,887,849**	$ 7,787,196

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 - BENEFICIAL INTEREST IN POOLED FUNDS

The Organization has established an endowment-style pooled investment fund that is administered by the Triangle Community Foundation (the "Foundation"). On a monthly basis, the Foundation utilizes investment reports from its custodian to allocate portfolio earnings or losses to the participating funds based on the average daily balance of the funds within that specific investment portfolio. The custodian utilizes investment statements from the investment managers that report net asset value. Each year a portion of the funds' 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.

NOTE 3 - BENEFICIAL INTEREST IN POOLED FUNDS (Continued)

Fair value is defined as the price that would be received for an asset or the exit price that would be paid to transfer a liability in an orderly transaction between market participants on the measurement date. The beneficial interest in pooled funds is valued at the net asset value ("NAV") provided by the administrator of the funds as a practical expedient to determine fair value and have not been classified in the fair value hierarchy. The NAV is based on the value of the funds' underlying assets and liabilities. The beneficial interest in pooled funds consists of two agency funds held in a non-endowed fixed income investment portfolio and an endowed agency fund held in an endowed investment portfolio. The non-endowed fixed income investment portfolio has a target allocation of 65% fixed income and 35% global equity. The endowed investment portfolio has a target allocation of 24% fixed income, 59% global equity, and 17% alternative investments.

Under the Organization's current spending policy, a percentage of the non-endowed funds (currently 5% annually) is available for distribution in accordance with the Organization's purposes. The spending allocation is calculated on the average balance of the fund over 13 trailing quarters. A percentage of the endowed agency fund (currently 5%), as set forth in the Foundation's written spending policy, shall be available, not less frequently than annually, for charitable purposes subject to the policies and schedule of fees adopted by the Foundation for investing and administering the fund. The percentage shall be distributed first from fund net income and then, if necessary, from fund principal. However, no distributions shall be made if, and as long as, the fund value falls below the fund's "historic dollar value" as defined by (UPMIFA), which Act shall also govern the management of the Fund.

Beneficial interest in pooled funds as of June 30, 2023 and 2022 consist of the following:

	2023	2022
Beneficial interest in pooled funds, spendable	**$ 178,762**	$ 173,159
Beneficial interest in pooled funds, non-spendable	**99,758**	92,505
Total beneficial interest in pooled funds	**$ 278,520**	$ 265,664

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

The following summarizes changes in Fund net assets for the year ended June 30, 2023.

	Without Donor Restrictions	With Donor Restrictions	Total
Fund net assets, beginning of year	$ 173,159	$ 92,505	$ 265,664
Share of appreciation			
Interest income	3,798	-	3,798
Fees	(2,683)	-	(2,683)
Net change in value (realized and unrealized)	4,488	7,253	11,741
Total appreciation	5,603	7,253	12,856
Contributions	-	-	-
Distributions	-	-	-
Fund net assets, end of year	$ 178,762	$ 99,758	$ 278,520

NOTE 3 - BENEFICIAL INTEREST IN POOLED FUNDS (Continued)

The following summarizes changes in Fund net assets for the year ended June 30, 2022.

	Without Donor Restrictions	With Donor Restrictions	Total
Fund net assets, beginning of year	$ 191,341	$ 106,711	$ 298,052
Share of appreciation			
Interest income	5,977	-	5,977
Fees	(2,937)	-	(2,937)
Net change in value (realized and unrealized)	(21,222)	(14,206)	(35,428)
Total appreciation	(18,182)	(14,206)	(32,388)
Contributions	-	-	-
Distributions	-	-	-
Fund net assets, end of year	$ 173,159	$ 92,505	$ 265,664

NOTE 4 - PROPERTY AND EQUIPMENT

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

	2023	2022
Computer, equipment, and software	**$ 303,068**	$ 318,621
Furniture and fixtures	**90,676**	90,676
Leasehold improvements	**362,656**	362,656
	756,400	771,953
Accumulated depreciation	**(620,737)**	(560,959)
Property and equipment, net	**$ 135,663**	$ 210,994

Depreciation expense for the years ended June 30, 2023 and 2022 totaled $70,666 and $102,624, 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, 2023 and 2022, the Organization had no outstanding balance on the line of credit. There was no interest expense for the years ended June 30, 2023 and 2022.

NOTE 6 - BOARD-DESIGNATED NET ASSETS

The Organization's Board has the ability to designate net assets for certain funds.

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.

NOTE 6 - BOARD-DESIGNATED NET ASSETS (Continued)

Community investment committees and sub-committees of the Board, review and recommend grants throughout the year. As of June 30, 2023 and 2022, the Board had designated net assets to specific counties in the Greater Triangle region of North Carolina as follows:

Response Funds:	
Durham	$ 8,015
Orange	1,814
Wake	22,738
Johnston	138
	$ 32,705

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
Durham One Fund	**$ 102,975**	$ 102,975
Triangle Community Foundation	**99,758**	92,505
Suther Funds	**40,900**	40,900
J. Melville Broughton Scholarship Fund	**30,000**	30,000
	$ 273,633	$ 266,380

NOTE 8 - RIGHT-OF-USE LEASED ASSETS AND RELATED LEASE LIABILITIES (OPERATING)

On November 27, 2017, the Organization entered into a lease agreement for office space. The 90-month lease term includes an annual escalation, with rent recognized on the straight-line basis over the full term of the lease. The lease also includes a tenant improvement allowance for up to $40 per square foot. Lease expense for the year ended June 30, 2023 totaled $83,732.

Other lease information for the year ended June 30, 2023:

Operating lease liability cash payments	$ 120,767
Right-to-use leased assets obtained in exchange for operating lease liabilities	$ 377,945
Remaining lease term in years for operating lease	2.17
Discount rate for operating lease	2.85%

Maturity analysis:

Year Ending June 30,	
2024	$ 124,390
2025	128,122
2026	21,759
Thereafter	-
Total undiscounted cash flows	274,271
Less: present value discount	(8,066)
Total operating lease liabilities	$ 266,205

NOTE 9 - RIGHT-OF-USE LEASED ASSETS AND RELATED LEASE LIABILITIES (FINANCE)

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.

Amortization expense on the right-of-use copier for the year ended June 30, 2023 was $3,135. Interest expense related to the lease liability was $166.

Other lease information for the year ended June 30, 2023:

Operating cash flows (interest)	$	159
Financing cash flows (principal portion)	$	3,368
Right-to-use leased assets obtained in exchange for finance lease liabilities	$	5,106
Remaining lease term in years for operating lease		0.50
Discount rate for operating lease		5.06%

Maturity analysis:

Year Ending June 30,		
2024	$	1,763
Thereafter		-
Total undiscounted cash flows		1,763
Less: present value discount		(18)
Total operating lease liabilities	$	1,745

NOTE 10 - RETIREMENT PLAN

The Organization established a 403(b) thrift plan, which is available to all employees that 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, 2023 and 2022 were $73,281 and $67,754, respectively.

NOTE 11 - 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.

NOTE 12 - 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 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 to 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, 2023, the Organization had a receivable of $204,000 from Band Together that is recorded in other receivables and a liability of $152,000 due related to Memorandum of Understanding with Band Together that is recorded in accrued expenses. 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 13 - RELATED PARTY TRANSACTIONS

The Organization had $111,806 and $134,812 in contribution revenue from Board members and employees for the years ended June 30, 2023 and 2022, respectively.

NOTE 14 - RESTATEMENT OF FINANCIAL STATEMENTS

As a result of an internal review by the Organization's management, it was identified that certain assets and liabilities required adjustment including investments, accumulated depreciation, allocations payable and donor designations payable. The effects of the restatement on the change in net assets without donor restrictions and financial position as of and for the year ended June 30, 2022 is as follows:

	2022	
	As previously reported	Restated
Investments	$ 20,724	$ -
Beneficial interest in pooled investments	210,745	173,159
Accumulated depreciation	550,072	560,959
Donor designations payable	548,958	590,960
Allocations payable	4,464,774	4,622,274
Net assets without donor restrictions	2,782,420	2,677,383
Net assets with donor restrictions	337,537	266,380
Designations expense	1,942,101	1,984,103
Investment return, net	(19,825)	(31,876)
Non-Financial contributions	-	15,000
Other income	224,101	194,956
Allocations expense	6,475,722	6,633,222
Depreciation expense	99,513	102,624