

UNITED WAY OF THE GREATER TRIANGLE, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023



UNITED WAY OF THE GREATER TRIANGLE, INC.

Table of Contents

	<u>Page No.</u>
Independent Auditor's Report	1
<i>Financial Statements</i>	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statement of Functional Expenses - Year Ended June 30, 2024	5
Statement of Functional Expenses - Year Ended June 30, 2023	6
Statements of Cash Flows	7
Notes to Financial Statements	8



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 statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of United Way of the Greater Triangle, Inc. as of June 30, 2024 and 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 ("U.S. GAAP").

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 the Organization 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.

Recurring Operating Losses and Low Cash Balance

As discussed in Note 15 to the financial statements, the Organization has suffered recurring losses from operations and has a low cash and cash equivalents balance as of June 30, 2024. Management's evaluation of the events and conditions and management's plans to mitigate these matters are also described in Note 15. Our opinion is not modified with respect to this matter.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. GAAP, 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Bernard Robinson & Company, P.C.

Raleigh, North Carolina
October 28, 2024

UNITED WAY OF THE GREATER TRIANGLE, INC.
Statements of Financial Position
June 30, 2024 and 2023

	<u>Assets</u>	
	<u>2024</u>	<u>2023</u>
Current Assets:		
Cash and cash equivalents	\$ 105,090	\$ 1,504,466
Beneficial interest in pooled funds, spendable	26,430	178,762
Pledges receivable, net	1,487,921	1,643,027
Grants receivable	799,284	1,224,916
Other receivables	131,153	206,372
Prepaid expenses and other	63,791	64,897
Total current assets	<u>2,613,669</u>	<u>4,822,440</u>
Grants receivable, net, noncurrent	66,972	-
Property and equipment, net	67,497	135,663
Right of use assets	102,435	174,921
Beneficial interest in pooled funds, non-spendable	<u>108,803</u>	<u>99,758</u>
Total assets	<u>\$ 2,959,376</u>	<u>\$ 5,232,782</u>
	<u>Liabilities and Net Assets</u>	
Current Liabilities:		
Donor designations payable	\$ 605,564	\$ 596,061
Allocations payable	1,505,000	2,910,000
Accounts payable and accrued expenses	174,339	400,602
Current portion of right of use liabilities (finance lease)	1,368	1,745
Current portion of right of use liabilities (operating lease)	125,154	118,628
Line of credit	250,000	-
Total current liabilities	<u>2,661,425</u>	<u>4,027,036</u>
Right of use financing liabilities, net of current portion	5,951	-
Right of use operating liabilities, net of current portion	<u>21,738</u>	<u>147,577</u>
Total liabilities	<u>2,689,114</u>	<u>4,174,613</u>
Net Assets:		
Without donor restrictions:		
Designated by the board for response initiatives	32,705	32,705
Undesignated	<u>57,854</u>	<u>751,831</u>
	<u>90,559</u>	<u>784,536</u>
With donor restrictions	<u>179,703</u>	<u>273,633</u>
Total net assets	<u>270,262</u>	<u>1,058,169</u>
Total liabilities and net assets	<u>\$ 2,959,376</u>	<u>\$ 5,232,782</u>

See Notes to Financial Statements

UNITED WAY OF THE GREATER TRIANGLE, INC.
Statements of Activities and Changes in Net Assets
Years Ended June 30, 2024 and 2023

	2024			2023		
	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	\$ 328,690	\$ -	\$ 328,690	\$ 330,658	\$ -	\$ 330,658
Current year campaigns	4,744,830	-	4,744,830	5,975,067	-	5,975,067
Less donor designations to other agencies	(745,672)	-	(745,672)	(880,406)	-	(880,406)
Less estimated uncollectible promises to give	(170,075)	-	(170,075)	(95,570)	-	(95,570)
Net campaign revenue	<u>4,157,773</u>	<u>-</u>	<u>4,157,773</u>	<u>5,329,749</u>	<u>-</u>	<u>5,329,749</u>
Release of donor restricted net assets	102,975	(102,975)	-	-	-	-
Band Together	888,350	-	888,350	747,087	-	747,087
Grants	1,237,663	-	1,237,663	493,692	-	493,692
Sponsorships	50,000	-	50,000	-	-	-
Administrative fees earned	9,469	-	9,469	4,697	-	4,697
Investment return, net	9,992	9,045	19,037	5,603	7,253	12,856
Other income	107,896	-	107,896	123,021	-	123,021
Total support and revenue	<u>6,564,118</u>	<u>(93,930)</u>	<u>6,470,188</u>	<u>6,703,849</u>	<u>7,253</u>	<u>6,711,102</u>
Expenses:						
Program expenses	5,622,759	-	5,622,759	6,143,103	-	6,143,103
Supporting services:						
Fundraising	861,531	-	861,531	978,346	-	978,346
Administration	773,805	-	773,805	1,475,247	-	1,475,247
Total expenses	<u>7,258,095</u>	<u>-</u>	<u>7,258,095</u>	<u>8,596,696</u>	<u>-</u>	<u>8,596,696</u>
Changes in net assets	(693,977)	(93,930)	(787,907)	(1,892,847)	7,253	(1,885,594)
Net assets, beginning of year	<u>784,536</u>	<u>273,633</u>	<u>1,058,169</u>	<u>2,677,383</u>	<u>266,380</u>	<u>2,943,763</u>
Net assets, end of year	<u>\$ 90,559</u>	<u>\$ 179,703</u>	<u>\$ 270,262</u>	<u>\$ 784,536</u>	<u>\$ 273,633</u>	<u>\$ 1,058,169</u>

See Notes to Financial Statements

UNITED WAY OF THE GREATER TRIANGLE, INC.
Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services	Supporting Services		Total
		Fundraising	Administration	
Distributions to community agencies	\$ 2,871,188	\$ -	\$ -	\$ 2,871,188
Band Together expenses	834,700	-	-	834,700
Salaries and temporary help	1,026,816	577,938	441,175	2,045,929
Promotion, printing, and supplies	4,044	3,048	-	7,092
Membership dues and subscriptions	13,156	8,568	5,208	26,932
Rent and occupancy costs	41,974	12,592	29,383	83,949
Payroll taxes/fees	74,887	42,150	32,175	149,212
Employee benefits	125,462	61,962	30,820	218,244
Contracted services and technical consultation	235,205	60,252	45,732	341,189
Depreciation	34,083	10,225	23,858	68,166
Amortization	1,342	179	418	1,939
Bad debt, uncollectible pledges	60,421	18,126	42,294	120,841
Affiliation dues	33,236	9,971	23,265	66,472
Conferences, travel, and training	21,255	3,038	8,580	32,873
Business/financial service fees	6,178	1,853	4,325	12,356
Professional fees	27,106	8,132	18,975	54,213
Office services and supplies	17,427	7,553	7,632	32,612
Computer services and supplies	171,133	22,840	53,293	247,266
Special events	13,641	10,252	20	23,913
Insurance	6,019	1,806	4,213	12,038
Interest expense	3,486	1,046	2,439	6,971
	<u>\$ 5,622,759</u>	<u>\$ 861,531</u>	<u>\$ 773,805</u>	<u>\$ 7,258,095</u>

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

	Program Services	Supporting Services		Total
		Fundraising	Administration	
Distributions to community agencies	\$ 3,817,670	\$ -	\$ -	\$ 3,817,670
Band Together expenses	568,006	-	-	568,006
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	318,720	52,812	71,320	442,852
Depreciation	35,333	10,600	24,733	70,666
Amortization	1,568	470	1,097	3,135
Bad debt, uncollectible pledges	82,313	24,693	57,619	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	22,240	12,042	9,970	44,252
Computer services and supplies	139,859	33,567	77,755	251,181
Special events	-	5,065	-	5,065
Insurance	5,760	1,728	4,032	11,520
Interest expense	83	25	58	166
	<u>\$ 6,143,103</u>	<u>\$ 978,346</u>	<u>\$ 1,475,247</u>	<u>\$ 8,596,696</u>

UNITED WAY OF THE GREATER TRIANGLE, INC.
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Changes in net assets	\$ (787,907)	\$ (1,885,594)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Provision for uncollectible pledges	170,075	(652,112)
Depreciation	68,166	70,666
Amortization (finance lease)	1,939	3,135
Operating lease expense	83,732	83,732
Realized and unrealized gains on beneficial interest in pooled funds	(19,037)	(12,856)
(Increase) decrease in:		
Pledges receivable, net	(14,969)	1,145,883
Grant receivable	358,660	350,084
Other receivables	75,219	3,802
Prepaid expenses and other	1,106	(831)
Right of use assets	(5,762)	(9,028)
Increase (decrease) in:		
Donor designations payable	9,503	5,101
Allocations payable	(1,405,000)	(1,712,274)
Accounts payable and accrued expenses	(226,263)	(290,746)
Deferred rent	-	(38,717)
Tenant lease incentives	-	(81,252)
Right of use financing lease liabilities	222	-
Right of use operating lease liabilities	(119,313)	(20,564)
Net cash used in operating activities	<u>(1,809,629)</u>	<u>(3,041,571)</u>
Cash flows from investing activities:		
Distributions from beneficial interest in pooled funds	162,324	-
Net cash provided by investing activities	<u>162,324</u>	<u>-</u>
Cash flows from financing activities:		
Net borrowings on line of credit	250,000	-
Payments made on principal of finance lease	(2,071)	(3,368)
Net cash provided by (used in) financing activities	<u>247,929</u>	<u>(3,368)</u>
Decrease in cash and cash equivalents	(1,399,376)	(3,044,939)
Cash and cash equivalents - beginning	1,504,466	4,549,405
Cash and cash equivalents - ending	<u>\$ 105,090</u>	<u>\$ 1,504,466</u>

UNITED WAY OF THE GREATER TRIANGLE, INC.

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.

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. As of June 30, 2024, the Organization did not have any deposits in excess of the insured limits.

UNITED WAY OF THE GREATER TRIANGLE, INC.

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2024 and 2023 was \$268,067 and \$97,992, respectively.

Designations

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

Property and Equipment

Property and equipment is stated at cost for purchased assets 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, 2024 and 2023.

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 leases.

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.

UNITED WAY OF THE GREATER TRIANGLE, INC.

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions (Continued)

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 \$1,237,663 and \$493,692 in the years ended June 30, 2024 and 2023, 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, 2024 and 2023.

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, 2024 and 2023.

It is the Organization's policy to evaluate all tax positions and to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a more-likely-than-not threshold to determine if the tax position is uncertain and what, if any, the effect of the uncertain tax position may have on the financial statements. No material uncertain tax positions were identified for 2024 and 2023.

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.

UNITED WAY OF THE GREATER TRIANGLE, INC.

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Classification of Expenses (Continued)

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 October 28, 2024, which is the date the financial statements were available to be issued.

Reclassification

Certain 2023 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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$ 105,090	\$ 1,504,466
Beneficial interest in pooled funds	26,430	178,762
Contributions receivable, net	1,487,921	1,643,027
Grants receivable	799,284	1,224,916
Other receivables	131,153	206,372
Total financial assets	<u>2,549,878</u>	<u>4,757,543</u>
Less amounts not available for general expenditures within one year:		
Net assets with donor restrictions	(179,703)	(273,633)
Donor designations payable	(605,564)	(596,061)
Total financial assets available to meet general expenditures within one year	<u>\$ 1,764,611</u>	<u>\$ 3,887,849</u>

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

UNITED WAY OF THE GREATER TRIANGLE, INC.

Notes to Financial Statements

NOTE 2 - LIQUIDITY AND AVAILABILITY (Continued)

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 Organization 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 - PLEDGES AND GRANTS RECEIVABLE

Pledges receivable and the related allowances for uncollectible pledges at June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Pledges receivable from current year campaign	\$ 1,755,988	\$ 1,741,019
Grants receivable	874,284	1,224,916
Discount on multi-year grant (7.84%)	(8,028)	-
Allowance for uncollectible pledges	(268,067)	(97,992)
Total	<u>\$ 2,354,177</u>	<u>\$ 2,867,943</u>
Amounts due in:		
Less than one year	\$ 2,630,272	
One to five years	75,000	
Gross unconditional promises to give and grants receivable	<u>\$ 2,705,272</u>	

NOTE 4 - 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.

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.

UNITED WAY OF THE GREATER TRIANGLE, INC.

Notes to Financial Statements

NOTE 4 - BENEFICIAL INTEREST IN POOLED FUNDS (Continued)

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, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Beneficial interest in pooled funds, spendable	\$ 26,430	\$ 178,762
Beneficial interest in pooled funds, non-spendable	<u>108,803</u>	<u>99,758</u>
Total beneficial interest in pooled funds	<u>\$ 135,233</u>	<u>\$ 278,520</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.

The following summarizes changes in Fund net assets for the year ended June 30, 2024.

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Fund net assets, beginning of year	\$ 178,762	\$ 99,758	\$ 278,520
Share of appreciation			
Interest income	5,075	-	5,075
Fees	(2,390)	-	(2,390)
Net change in value (realized and unrealized)	<u>7,307</u>	<u>9,045</u>	<u>16,352</u>
Total appreciation	<u>9,992</u>	<u>9,045</u>	<u>19,037</u>
Contributions	-	-	-
Distributions	<u>(162,324)</u>	<u>-</u>	<u>(162,324)</u>
Fund net assets, end of year	<u>\$ 26,430</u>	<u>\$ 108,803</u>	<u>\$ 135,233</u>

UNITED WAY OF THE GREATER TRIANGLE, INC.

Notes to Financial Statements

NOTE 4 - BENEFICIAL INTEREST IN POOLED FUNDS (Continued)

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 5 - PROPERTY AND EQUIPMENT

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

	2024	2023
Computer, equipment, and software	\$ 303,068	\$ 303,068
Furniture and fixtures	90,676	90,676
Leasehold improvements	362,656	362,656
	756,400	756,400
Accumulated depreciation	(688,903)	(620,737)
Property and equipment, net	\$ 67,497	\$ 135,663

Depreciation expense for the years ended June 30, 2024 and 2023 totaled \$68,166 and \$70,666, respectively.

NOTE 6 - LINE OF CREDIT

During the year ended June 30, 2024, the Organization opened a line of credit in the amount of \$750,000. Accrued interest is payable monthly at a rate of 2.5% over the Indexed rate, which is the Term SOFR reference rate for the one month tenor, and any outstanding principal is due on demand. The line is secured by all assets of the Organization. As of June 30, 2024, the Organization has an outstanding balance of \$250,000 with an interest rate of 7.84%.

NOTE 7 - 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.

UNITED WAY OF THE GREATER TRIANGLE, INC.**Notes to Financial Statements**

NOTE 7 - 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, 2024 and 2023, the Board had designated net assets (response funds) to specific counties in the Greater Triangle region of North Carolina as follows:

Durham	\$ 8,015
Orange	1,814
Wake	22,738
Johnston	138
	<u>\$ 32,705</u>

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2024</u>	<u>2023</u>
Durham One Fund	\$ -	\$ 102,975
Triangle Community Foundation	108,803	99,758
Suther Funds	40,900	40,900
J. Melville Broughton Scholarship Fund	30,000	30,000
	<u>\$ 179,703</u>	<u>\$ 273,633</u>

NOTE 9 - 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 years ended June 30, 2024 and 2023 totaled \$83,949 and \$83,732, respectively.

Other lease information for the year ended June 30, 2024:

Operating lease liability cash payments	\$ 124,390
Remaining lease term in years for operating lease	1.17
Discount rate for operating lease	2.85%

Maturity analysis:

<u>Year Ending June 30,</u>	
2025	128,122
2026	21,075
Thereafter	-
Total undiscounted cash flows	<u>149,197</u>
Less: present value discount	(2,305)
Total operating lease liabilities	<u>\$ 146,892</u>

UNITED WAY OF THE GREATER TRIANGLE, INC.

Notes to Financial Statements

NOTE 10 - RIGHT-OF-USE LEASED ASSETS AND RELATED LEASE LIABILITIES (FINANCE)

The Organization has a finance 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. During the year ended June 30, 2024, the Organization signed a new financing lease for office equipment. The lease requires monthly payments of principal and interest of \$138, bears interest at rate of 4.25%, and matures in June of 2029.

Amortization expense on the right-of-use copier for the years ended June 30, 2024 and 2023 was \$1,939 and \$3,135, respectively. Interest expense related to the lease liability was \$99 and \$166.

Other lease information for the year ended June 30, 2024:

Operating cash flows (interest)	\$	106
Financing cash flows (principal portion)	\$	2,071
Right-to-use leased assets obtained in exchange for finance lease liabilities	\$	7,656
Remaining lease term in years for operating lease		5.00
Discount rate for operating lease		4.25%

Maturity analysis:

<u>Year Ending June 30,</u>		
2025	\$	1,653
2026		1,653
2027		1,653
2028		1,653
2029		1,512
Thereafter		-
Total undiscounted cash flows		<u>8,124</u>
Less: present value discount		<u>(805)</u>
Total operating lease liabilities	\$	<u><u>7,319</u></u>

NOTE 11 - 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, 2024 and 2023 were \$56,989 and \$73,281, respectively.

NOTE 12 - FUNCTIONAL ALLOCATION OF EXPENSES

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

UNITED WAY OF THE GREATER TRIANGLE, INC.

Notes to Financial Statements

NOTE 13 - BAND TOGETHER OBLIGATIONS

The Organization has a Memorandum of Understanding ("MOU") with Band Together whereby Band Together will raise funds for a third party not-for-profit beneficiary. As part of the agreement, the Organization agreed to fund \$50,000 at the beginning of each calendar year 2024 and 2025 and \$5,000 per month. At the end of each calendar year, the Organization is to be paid \$60,000 from the net proceeds from the event. This \$60,000 is understood to be the reimbursement of the \$5,000 accrued and paid each month to Band Together from the Organization. At the end of the calendar year during the term of the MOU, Band Together will be paid \$194,000 from the net proceeds. Any additional net proceeds shall be distributed 75% to the not-for-profit beneficiary, 12.5% to Band Together, and 12.5% to the Organization. In the event that net proceeds are negative, Band Together and the Organization shall bear the losses evenly and no distributions will be made to the not-for-profit beneficiary. As of June 30, 2024, the Organization had a receivable of \$128,500 from Band Together that is recorded in other receivables and a liability of \$5,000 that is recorded in accrued expenses. 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 that is recorded in accrued expenses.

NOTE 14 - RELATED PARTY TRANSACTIONS

The Organization had \$126,044 and \$111,806 in contribution revenue from Board members and employees for the years ended June 30, 2024 and 2023, respectively.

NOTE 15 - GOING CONCERN CONSIDERATION

The Organization has experienced recurring operating losses and held a low cash balance as of June 30, 2024. Out of the total current assets of \$2,613,669, \$105,090 is cash and cash equivalents. Also, current liabilities as of June 30, 2024 are \$2,661,425, which is an amount greater than total current assets. These factors create an uncertainty about the Organization's ability to continue as a going concern. Management has developed plans to generate support and revenue and to significantly reduce operating costs. The ability of the Organization to continue as a going concern is dependent upon the success of these efforts. The financial statements do not include any adjustments that might be necessary if the Organization is unable to continue as a going concern.