



Henderson County United Way, Inc.
Financial Statements
June 30, 2024
(With Comparative Totals for 2023)

Henderson County United Way, Inc.
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June 30, 2024
(With Comparative Totals for 2023)

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Independent Auditors' Report

Prager Metis CPAs, PLLC

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To the Board of Directors of
Henderson County United Way, Inc.

Opinion

We have audited the accompanying financial statements of Henderson County United Way, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Henderson County United Way, Inc. as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Henderson County United Way, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Henderson County United Way, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Summarized Comparative Information

Henderson County United Way, Inc.'s 2023 financial statements were audited by Goldsmith Molis & Gray, PLLC whose assets were acquired by Prager Metis CPAs, LLC as of January 1, 2024, whose report dated September 26, 2023 expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Prager Metis CPAs, PLLC
Asheville, North Carolina
March 5, 2025

Henderson County United Way, Inc.
Statements of Financial Position
June 30, 2024
(With Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
Assets		
Current assets		
Cash	\$ 436,064	\$ 555,378
Accounts receivable	96,432	101,968
Campaign receivable, net	324,938	398,397
Prepaid expenses	8,612	8,438
Total current assets	<u>866,046</u>	<u>1,064,181</u>
Other assets		
Interest in assets held by others	516,783	477,873
Cash surrender value of life insurance	61,948	59,414
Property and equipment, net	160,108	161,696
Operating lease right-of-use assets	18,632	23,973
Total other assets	<u>757,471</u>	<u>722,956</u>
Total assets	<u><u>\$ 1,623,517</u></u>	<u><u>\$ 1,787,137</u></u>
Liabilities and net assets		
Current liabilities		
Current portion of operating lease liability	\$ 5,504	\$ 5,341
Allocations and designations payable	458,155	573,764
Accounts payable	15,727	14,961
Accrued expenses	14,995	10,656
Total current liabilities	<u>494,381</u>	<u>604,722</u>
Long-term liabilities		
Operating lease liability, net of current portion	13,128	18,632
Total liabilities	<u>507,509</u>	<u>623,354</u>
Net assets		
Without donor restrictions		
Undesignated	819,353	922,866
Board designated	240,917	240,917
Total without donor restrictions	<u>1,060,270</u>	<u>1,163,783</u>
With donor restrictions	<u>55,738</u>	<u>-</u>
Total net assets	<u>1,116,008</u>	<u>1,163,783</u>
Total liabilities and net assets	<u><u>\$ 1,623,517</u></u>	<u><u>\$ 1,787,137</u></u>

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

Henderson County United Way, Inc.
Statements of Activities
Year Ended June 30, 2024
(With Comparative Totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Campaign revenue				
Gross campaign revenue	\$ 964,786	\$ -	\$ 964,786	\$ 1,039,801
Less: amounts designated by donors	(176,692)	-	(176,692)	(167,836)
Campaign revenue less amounts designated by donors	788,094	-	788,094	871,965
Provision for uncollectible campaign receivables	(53,945)	-	(53,945)	(37,811)
Net campaign revenue	734,149	-	734,149	834,154
Public support and revenue				
Contributions and grants	10,000	273,106	283,106	105,000
Endowment income	85,012	-	85,012	82,864
Interest income	5,403	-	5,403	3,523
Rental income	-	-	-	1,050
Underwriting income	73,400	-	73,400	77,400
Other income	-	-	-	-
Realized gain on sale of investments	53,001	-	53,001	16,552
Unrealized gain (loss) on investments	11,171	-	11,171	30,357
Loss on disposal of property	(85)	-	(85)	(1,000)
In-kind contributions	361,258	-	361,258	342,726
Total public support and revenue	599,160	273,106	872,266	658,472
Net assets released from restrictions	217,368	(217,368)	-	-
Total revenue	1,550,677	55,738	1,606,415	1,492,626
Program expenses				
Gross funds awarded/distributed	559,514	-	559,514	625,182
Less: donor designations	(176,692)	-	(176,692)	(167,836)
Net funds awarded/distributed	382,822	-	382,822	457,346
Community service	963,516	-	963,516	821,564
Total program expenses	1,346,338	-	1,346,338	1,278,910
Supporting services				
Organizational administration	154,409	-	154,409	160,048
Fundraising	136,215	-	136,215	190,153
Total supporting services	290,624	-	290,624	350,201
United Way Worldwide dues	17,228	-	17,228	19,099
Total expenses	1,654,190	-	1,654,190	1,648,210
Change in net assets	(103,513)	55,738	(47,775)	(155,584)
Net assets, beginning of year	1,163,783	-	1,163,783	1,319,367
Net assets, end of year	\$ 1,060,270	\$ 55,738	\$ 1,116,008	\$ 1,163,783

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

Henderson County United Way, Inc.
Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services			Organizational Administration	Fundraising	Total	UWA Dues	Total
	Agency Services	Community Services	Total					
Expenses								
Allocations/awards	559,514	\$ -	\$ 559,514	\$ -	\$ -	\$ -	\$ -	\$ 559,514
Less: donor designations	(176,692)	-	(176,692)	-	-	-	-	(176,692)
Net funds awarded/distributed	382,822	-	382,822	-	-	-	-	382,822
Salaries	-	338,567	338,567	64,849	77,819	142,668	-	481,235
Payroll taxes	-	24,125	24,125	5,401	6,481	11,882	-	36,007
Employee benefits	-	58,488	58,488	13,094	15,713	28,807	-	87,295
Sub-total	382,822	421,180	804,002	83,344	100,013	183,357	-	987,359
Advertising	-	22,722	22,722	2,958	3,550	6,508	-	29,230
Board/staff development	-	27,556	27,556	1,281	1,537	2,818	-	30,374
Contract services	-	9,717	9,717	2,175	2,611	4,786	-	14,503
Depreciation expense	-	12,153	12,153	2,721	3,265	5,986	-	18,139
Dues and subscriptions	-	1,036	1,036	232	278	510	-	1,546
Equipment rental	-	4,199	4,199	940	1,128	2,068	-	6,267
Insurance	-	9,329	9,329	2,089	2,506	4,595	-	13,924
Investment fees	-	-	-	4,095	-	4,095	-	4,095
Meeting expense	-	3,705	3,705	290	348	638	-	4,343
Miscellaneous	-	-	-	15,809	-	15,809	-	15,809
Occupancy	-	-	-	5,950	-	5,950	-	5,950
Postage and shipping	-	816	816	183	219	402	-	1,218
Printing and copying	-	3,506	3,506	785	942	1,727	-	5,233
Professional services	-	7,989	7,989	14,838	-	14,838	-	22,827
Repairs and maintenance	-	7,449	7,449	1,668	2,001	3,669	-	11,118
Supplies	-	424,569	424,569	13,149	15,779	28,928	-	453,497
Taxes and licenses	-	-	-	202	-	202	-	202
Telephone and networks	-	4,185	4,185	937	1,124	2,061	-	6,246
Travel	-	556	556	125	149	274	-	830
Utilities	-	2,849	2,849	638	765	1,403	-	4,252
Sub-total	-	542,336	542,336	71,065	36,202	107,267	-	649,603
United Way Worldwide dues	-	-	-	-	-	-	17,228	17,228
Total expenses	<u>\$ 382,822</u>	<u>\$ 963,516</u>	<u>\$ 1,346,338</u>	<u>\$ 154,409</u>	<u>\$ 136,215</u>	<u>\$ 290,624</u>	<u>\$ 17,228</u>	<u>\$ 1,654,190</u>

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

Henderson County United Way, Inc.
Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services			Supporting Services			UWA Dues	Total
	Agency Services	Community Services	Total	Organizational Administration	Fundraising	Total		
Expenses								
Allocations/awards	\$ 625,182	\$ -	\$ 625,182	\$ -	\$ -	\$ -	\$ -	\$ 625,182
Less: donor designations	(167,836)	-	(167,836)	-	-	-	-	(167,836)
Net funds awarded/distributed	457,346	-	457,346	-	-	-	-	457,346
Salaries	-	237,377	237,377	85,947	85,947	171,894	-	409,271
Payroll taxes	-	16,608	16,608	6,013	6,013	12,026	-	28,634
Employee benefits	-	43,732	43,732	15,834	15,834	31,668	-	75,400
Sub-total	457,346	297,717	755,063	107,794	107,794	215,588	-	970,651
Advertising	-	6,772	6,772	-	19,074	19,074	-	25,846
Board/staff development	-	28,610	28,610	1,339	1,339	2,678	-	31,288
Contract services	-	8,343	8,343	3,020	3,021	6,041	-	14,384
Depreciation expense	-	9,535	9,535	3,452	3,452	6,904	-	16,439
Dues and subscriptions	-	487	487	177	177	354	-	841
Equipment rental	-	3,333	3,333	1,207	1,207	2,414	-	5,747
Insurance	-	7,939	7,939	2,874	2,874	5,748	-	13,687
Investment fees	-	-	-	3,889	-	3,889	-	3,889
Meeting expense	-	19,872	19,872	3,513	3,513	7,026	-	26,898
Miscellaneous	-	-	-	3,149	-	3,149	-	3,149
Occupancy	-	-	-	8,000	-	8,000	-	8,000
Postage and shipping	-	1,175	1,175	426	426	852	-	2,027
Printing and copying	-	772	772	280	4,387	4,667	-	5,439
Professional services	-	7,923	7,923	14,714	-	14,714	-	22,637
Repairs and maintenance	-	8,727	8,727	3,160	3,160	6,320	-	15,047
Supplies	-	414,576	414,576	753	37,635	38,388	-	452,964
Taxes and licenses	-	-	-	207	-	207	-	207
Telephone and networks	-	3,037	3,037	1,100	1,100	2,200	-	5,237
Travel	-	562	562	203	203	406	-	968
Utilities	-	2,184	2,184	791	791	1,582	-	3,766
Sub-total	-	523,847	523,847	52,254	82,359	134,613	-	658,460
United Way Worldwide dues	-	-	-	-	-	-	19,099	19,099
Total expenses	\$ 457,346	\$ 821,564	\$ 1,278,910	\$ 160,048	\$ 190,153	\$ 350,201	\$ 19,099	\$ 1,648,210

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

Henderson County United Way, Inc.
Statements of Cash Flows
Year Ended June 30, 2024
(With Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Change in net assets	\$ (47,775)	\$ (155,584)
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation	18,139	16,439
Provision for uncollectible campaign receivables	53,945	37,811
Realized gain on sale of investments	(53,001)	(16,552)
Loss on disposal of property and equipment	85	1,000
Unrealized (gain) on investments	(11,171)	(30,357)
Change in operating assets and liabilities		
Accounts receivables	5,536	23,176
Campaign receivables	19,514	(64,898)
Prepaid expenses	(174)	2,028
Interest in assets held by others	22,728	22,557
Operating lease right-of-use assets	5,341	(23,973)
Operating lease liability	(5,341)	23,973
Allocations and designations payable	(115,609)	(10,489)
Accounts payable	766	4,890
Accrued expenses	4,339	(6,537)
Net cash used in operating activities	<u>(102,678)</u>	<u>(176,516)</u>
Cash flows from investing activities		
Purchase of property and equipment	<u>(16,636)</u>	<u>(39,685)</u>
Net cash used in investing activities	<u>(16,636)</u>	<u>(39,685)</u>
Net change in cash	(119,314)	(216,201)
Cash, beginning of year	<u>555,378</u>	<u>771,579</u>
Cash, end of year	<u><u>\$ 436,064</u></u>	<u><u>\$ 555,378</u></u>
Non-cash investing and financing activities		
Lease liabilities arising from obtaining right-of-uses assets	<u><u>\$ -</u></u>	<u><u>\$ 27,548</u></u>

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

Note 1 Nature of Organization

Henderson County United Way, Inc. (the “United Way”), located in Hendersonville, North Carolina, was incorporated in 1953 as a non-profit organization in the State of North Carolina. The principal business activity of the United Way is to solicit charitable contributions from the public at large, both individual and corporate, for the purpose of apportioning such proceeds to accredited health and human service nonprofit organizations.

The United Way’s vision is “to be a catalyst in making a positive and lasting change in the human condition in Henderson County.” Other activities include partnerships with other community funders, relationships with supported agencies, cultivation of a growing and knowledgeable volunteer base, and board adoption of United Way World wide’s community impact agenda. The United Way’s mission is to organize and mobilize community resources to improve lives of Henderson County residents.

For the years ended June 30, 2024 and 2023, the United Way volunteers allocated and paid \$375,000 and \$445,409, respectively, to 26 and 20 not-for-profit agencies, respectively. The volunteer panels are organized around four impact areas: education, financial stability, health and basic needs and crisis services. Volunteers evaluate agencies and programs applying for funding in several areas including: how well the program meets identified community needs, measurable outcomes achieved by the program, and the agency’s business practices and stewardship of donor funds. For the years ended June 30, 2024 and 2023, an additional \$687,961 and \$481,558, respectively, was provided for contracted services and initiative work including such items as the 2-1-1 Call Center, Rising Leaders, Women United, Born Learning, HC Youth Council, Day of Action, Days of Caring, DEI, and the Small Business League.

In addition to allocation awards and contracts for program services, the United Way pays other 501(c)(3) organizations that are designated by donors on pledge cards (donor designations). For the years ended June 30, 2024 and 2023, donor designations were \$176,692 and \$167,836, respectively.

Note 2 Summary of Significant Accounting Policies

Financial Statement Presentation

The financial statements of the United Way have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”), which require the United Way to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions. These net assets may be used at the discretion of the United Way’s management and the board of directors.

Note 2 Summary of Significant Accounting Policies (continued)

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the United Way or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing services and interest and dividends earned on investments. Non-operating activities are limited to resources and other activities considered to be of a more unusual or nonrecurring nature.

Use of Estimates

Preparation of financial statements in accordance with GAAP requires the United Way's management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Fair Value of Financial Instruments

The United Way discloses for each class of financial instruments the methods, and when a valuation technique is used, the significant assumptions applied in determining the fair values of financial assets and liabilities. If there is a change in the valuation technique, then the United Way discloses both the change and the reasons for the change.

The United Way estimates that the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The estimated fair value amounts have been determined by The United Way using available market information and appropriate valuation methodologies. The United Way's financial instruments consist primarily of cash, accounts and campaign receivables, prepaid expenses, cash surrender value of life insurance, allocations and designations payable, accounts payable, and accrued expenses.

Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, the United Way includes all cash investments which are not subject to withdrawal restrictions or penalties and certificates of deposit with maturity of three months or less as cash and cash equivalents. The United Way did not have any cash equivalents at June 30, 2024 and 2023.

Note 2 Summary of Significant Accounting Policies (continued)

The United Way maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation (“FDIC”). The coverage is \$250,000 for substantially all other depository accounts. Deposit accounts, at times, may exceed federally insured limits, but the United Way has not experienced any such losses.

Accounts Receivable

The United Way carries its accounts receivable at cost less an allowance for credit losses. On a periodic basis, the United Way evaluates its accounts receivable and establishes an allowance for credit losses, based on a history of past write-offs and collections and current credit conditions. The United Way’s policy is not to accrue interest on accounts receivable. Accounts are written off as uncollectible at the time management determines that collection is unlikely.

Campaign Receivables

The United Way maintains a significant campaign receivable balance at the end of the year. These balances subject the United Way to a certain amount of credit risk if the holders of these balances fail to perform. This credit risk is considered low due to the high historical collection rate.

Annual campaign contributions are generally available for unrestricted use in the related campaign year unless specifically restricted by the donor. Campaign receivables are recorded when received. Campaign receivables due in the next year are reflected as current campaign receivables and are recorded at their net realizable value. Campaign receivables due in subsequent years are reflected as long-term campaign receivables and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. The majority of the campaign receivables are received from a broad base of Henderson County contributors as a result of the annual campaign. An allowance for uncollectible campaign receivables is provided based on management’s evaluation of potential uncollectible campaign receivables at year end.

Investments

The United Way reports its investments in accordance with GAAP for not-for-profit organizations. The guidance prescribes that covered investments be reported in the statement of financial position at fair value with any realized or unrealized gains or losses reported in the statement of activities. Investment income is recognized as revenue in the period it is earned and gains and losses are recognized as changes in net assets in the accounting period in which they occur.

Property and Equipment

Property and equipment are stated at cost at the date of purchase or, for donated, assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term.

Note 2 Summary of Significant Accounting Policies (continued)

The useful lives range from 3 to 40 years. The United Way's policy is to capitalize renewals and betterments acquired for greater than \$500 and expense normal repairs and maintenance as incurred. The United Way's management periodically evaluate whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Program Services

The United Way uses contributions received from public support to fund various local programs.

Support Services

Support services include all costs related to fund raising, public relations and management and general expenses. Support services as a percentage of gross revenues per United Way Worldwide standards for the years ended June 30, 2024 and 2023, were 18.7% and 24% respectively. The United Way has leveraged extensive resources with such items as in-kind contributions for television, newspaper and radio ads, and various materials.

Revenue Recognition

The United Way records special events revenue equal to the fair market value of direct benefits to donors, and contribution income for the excess received when the event takes place. A portion of the United Way's revenue is derived from grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the United Way has incurred expenditures in compliance with specific grant provisions.

The United Way recognizes contributions when cash, securities or other assets; an unconditional promise to give; is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. There were no conditional promises to give at June 30, 2024 and 2023.

Note 2 Summary of Significant Accounting Policies (continued)

Income Taxes

The United Way is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes.

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 740, *Accounting for Uncertainty in Income Taxes*, clarified the accounting for the recognition and measurement of uncertainties in income taxes recognized in an entity’s financial statements and prescribes a threshold of more likely-than-not for recognition of tax positions taken or expected to be taken in a tax return. The United Way’s policy is to evaluate the likelihood that its uncertain tax positions will prevail upon examination based on the extent to which those positions have substantial support within the Internal Revenue Code and Regulations, Revenue Rulings, court decisions and other evidence. The United Way has determined that it does not have any material unrecognized tax benefits or obligations as of June 30, 2024.

The United Way’s income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of June 30, 2024, the fiscal years ending June 30, 2021, 2022 and 2023 are subject to examination.

Donated Services and Materials

A substantial number of volunteers have donated a significant amount of time to the United Way’s operations and program services. Contributed services are recognized in the financials if they (a) create or enhance non-financial assets, or (b) require specialized skills, are provided by individuals with those skills, and would typically need to be purchased if not provided by donation. Contributed services totaling \$244,472 and \$288,856 are reported at fair value and have been recognized in the statements of activities for the years ended June 30, 2024 and 2023, respectively.

Donated materials and equipment are reflected as contributions in the accompanying financial statements at their estimated fair market value at the date of receipt. Management requires sufficient documentation to support the value of donated materials or equipment before these amounts are recorded in the financial statements. Donated materials and equipment, also known as in-kind contributions, were \$116,786 and \$53,870 for the years ended June 30, 2024 and 2023, respectively.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis and, accordingly, certain expenses have been allocated among the program and supporting services benefitted. Such allocations are determined by management on an equitable basis.

Note 2 Summary of Significant Accounting Policies (continued)

The expenses that are allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Salaries, payroll taxes and benefits	Time and effort
Advertising	Time and effort
Contract services	Time and effort
Depreciation	Time and effort
Dues and subscriptions	Time and effort
Equipment	Time and effort
Insurance	Time and effort
Meeting expense	Time and effort
Office lease	Square footage
Postage, printing, copying	Time and effort
Professional services	Full-time equivalent
Repairs and maintenance	Time and effort
Supplies	Time and effort
Travel	Time and effort
Utilities, telephone, internet	Time and effort

Advertising

The costs of advertising and marketing programs are expensed as incurred. Advertising costs were \$29,230 and \$25,846 for the years ended June 30, 2024 and 2023, respectively.

New Accounting Pronouncement

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the current expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. The Foundation adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures.

Comparative Data

The amounts shown for the year ended June 30, 2023 in the accompanying financial statements are included to provide a basis for comparison with 2024 and present summarized totals only. Accordingly, the 2023 totals are not intended to present all information necessary for a fair presentation in conformity with GAAP. Such information should be read in conjunction with the United Way's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Note 3 Availability and Liquidity

The following represents the United Way's financial assets at June 30, 2024:

Cash	\$ 436,064
Accounts receivable	96,432
Campaign receivables, net	324,938
Interest in assets held by others	516,783
Cash surrender value of life insurance	61,948
Total financial assets	<u>1,436,165</u>

Less: amounts unavailable for general expenditures within one year, due to:

Contractual or donor-imposed restrictions:	
Donor-imposed restrictions	(55,738)
Interest in assets held by others	(258,392)
Board designations:	
Operating reserve	(228,250)
Building maintenance and capital items reserve	(12,667)
	<u>(555,047)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 881,118</u>

The following represents the United Way's financial assets at June 30, 2023:

Cash	\$ 555,378
Accounts receivable	101,968
Campaign receivables, net	398,397
Interest in assets held by others	477,873
Cash surrender value of life insurance	59,414
Total financial assets	<u>1,593,030</u>

Less: amounts unavailable for general expenditures within one year, due to:

Contractual or donor-imposed restrictions:	
Interest in assets held by others	(238,937)
Board designations:	
Operating reserve	(228,250)
Building maintenance and capital items reserve	(12,667)
	<u>(479,854)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,113,176</u>

The United Way's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in money market accounts.

Note 4 Accounts Receivable

Accounts receivables are described as follows:

	<u>2024</u>	<u>2023</u>
Endowments receivable	\$ 85,012	\$ 82,864
Underwriting receivable	7,500	17,500
Other receivables	3,920	1,604
Total accounts receivable	<u>\$ 96,432</u>	<u>\$ 101,968</u>

No allowance for uncollectible receivables has been recorded as it is management's belief that all amounts are fully collectible within the next twelve months.

Note 5 Campaign Receivables

Campaign receivables are as follows:

	<u>2024</u>	<u>2023</u>
July 1, 2023 – June 30, 2024	\$ 17,559	\$ -
July 1, 2022 – June 30, 2023	309,624	38,750
July 1, 2021 – June 30, 2022	47,755	376,443
July 1, 2020 – June 30, 2021	-	33,204
Total campaign receivables	<u>374,938</u>	<u>448,397</u>
Less: allowance for uncollectible campaign receivables	<u>(50,000)</u>	<u>(50,000)</u>
Campaign receivables, net	<u>\$ 324,938</u>	<u>\$ 398,397</u>

Campaign receivables are due in less than one year; therefore, the net realizable value is a reasonable estimate of the fair value. Consequently, all campaign receivables are recorded without any discount to present value. Provision for uncollectible campaign receivables for the years ended June 30, 2024 and 2023 was \$53,945 and \$37,811, respectively.

Note 6 Interest in Assets Held by Others

The United Way maintains a charitable fund with The Judge Mitchell King Fund, which is a component fund of the Community Foundation of Henderson County, Inc (the “Foundation”). In accordance with FASB ASC 958-20, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*, the Charitable Fund balance is recognized as an asset at fair market value on the financial statements of The United Way. The fund was created by the United Way with the Community Foundation of Henderson County, Inc. and is subject to the provisions contained within the agreement dated October 6, 1993. Among the provisions in this agreement is variance power, which concerns the power to vary some of the terms of the agreement.

As defined by “variance power” in the United States Treasury Regulations, the Foundation has the right to modify the terms of the fund agreement if, in the judgment of the Foundation’s Board of Trustees, the restrictions and conditions in the agreement become unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The authority to modify restrictions is sometimes referred to as “variance power” and is a legal standard imposed on all community foundations. As a result of the variance power, all component funds are considered to be part of a single public charity, in this case Community Foundation of Henderson County, Inc. Therefore, the Foundation is the legal owner of all assets contributed to any of its component funds.

However, the reporting of financial information is determined by the FASB statement regarding transfers of assets to a not-for-profit organization or charitable trust that raises or holds contributions for, which requires that if a community foundation accepts a contribution from an agency and agrees to transfer those assets, the return on investment of those assets or both back to the agency, then these contributions are presented as a liability (instead of as a net asset) on the financial statements of the Community Foundation of Henderson County, Inc. and as an asset on the financial statements of the United Way as is the case with the Judge Mitchell King Fund. This treatment is only for financial statement presentation purposes and the legal ownership of the assets still remains with the Community Foundation of Henderson County, Inc.

For the years ended June 30, 2024 and 2023, financial activity pertaining to interest in assets held by others is as follows:

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 477,873	\$ 455,883
Earnings (loss)	61,639	44,546
Distributions	(18,634)	(18,667)
Fees	(4,095)	(3,889)
Balance, end of year	<u>\$ 516,783</u>	<u>\$ 477,873</u>

Note 7 Cash Surrender Value of Life Insurance

The United Way has purchased insurance on the life of a benefactor. As beneficiary, the United Way receives the cash surrender value if the policy is terminated and, upon death of the insured, receives all benefits payable. The cash surrender value of the life insurance policy was \$61,948 and \$59,414 at June 30, 2024 and 2023, respectively.

Note 8 Property and Equipment

A description of property and equipment is as follows:

	<u>2024</u>	<u>2023</u>
Building	\$ 328,605	\$ 316,201
Equipment	<u>146,264</u>	<u>150,315</u>
	474,869	466,516
Less: accumulated depreciation	<u>(314,761)</u>	<u>(304,820)</u>
Property and equipment, net	<u><u>\$ 160,108</u></u>	<u><u>\$ 161,696</u></u>

Depreciation expense for the years ended June 30, 2024 and 2023 was \$18,139 and \$16,439, respectively.

Note 9 Fair Value Measurements

The FASB issued a statement that defines fair value and establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs that are derived principally from or corroborated by observable market data

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Note 9 Fair Value Measurements (continued)

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023.

Beneficial Interest

Beneficial interest in assets held by the Community Foundation of Henderson County, Inc. are determined by the fair values of the assets held by the Foundation, which are determined by reference to quoted market prices and other relevant information generated by market transactions. These are classified within Level 3 of the valuation hierarchy. Level 3 assets totaled \$516,783 and \$477,873 for the years ended June 30, 2024 and 2023, respectively.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth a summary of changes in the fair value of the United Way's Level 3 assets for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 477,873	\$ 455,883
Change in beneficial interest (Refer to Note 6)	<u>38,910</u>	<u>21,990</u>
Balance, end of year	<u><u>\$ 516,783</u></u>	<u><u>\$ 477,873</u></u>

Note 10 Line of Credit

The United Way maintains a line of credit in the amount of \$200,000. The maturity date is July 25, 2026. Monthly interest is paid based on the prime rate plus 1%. The line of credit is secured by real property. The balance as of June 30, 2024 and 2023 was \$0.

Note 11 Endowment Funds

The United Way is the beneficial owner, but not the legal owner, of certain donated funds held and controlled by the Community Foundation of Henderson County, Inc. These funds are not reflected in the accompanying statement of financial position. The Organization retains a 4.0% beneficial interest in the component fund of the Foundation.

Normac Humanitarian Fund of the Community Foundation of Henderson County

The total market value of the Normac Humanitarian Fund as of June 30, 2024 and 2023 was \$675,453 and \$626,409, respectively. Grants received by the United Way from this fund, as included in contributions and grants on the statements of activities, for the years ended June 30, 2024 and 2023 totaled \$24,674 and \$24,890, respectively.

The Henderson County United Way Fund of the Community Foundation of Henderson County, Inc.

The total market value of the Henderson County United Way Fund of the Community Foundation of Henderson County, Inc. as of June 30, 2024 and 2023 was \$87,062 and \$80,696, respectively. Grants received by the United Way from this fund, as included in contributions and grants on the statements of activities, for the years ended June 30, 2024 and 2023 in the amount of \$3,136 and \$3,138, respectively.

Judge Mitchell King Fund (Designated Portion)

The total market value of the Judge Mitchell King Fund of the Community Foundation of Henderson County, Inc. as of June 30, 2024 and 2023 was \$131,547 and \$121,643, respectively. Grants received by the United Way from this fund, as included in contributions and grants on the statements of activities, for the years ended June 30, 2024 and 2023 in the amount of \$4,743 and \$4,745, respectively.

Everett and Ellen Stone Endowment Fund

The total market value of the Everett and Ellen Stone Endowment Fund of the Community Foundation of Henderson County, Inc. as of June 30, 2024 and 2023 was \$29,061 and \$26,945, respectively. Grants received by the United Way from this fund, as included in contributions and grants on the statements of activities, for the years ended June 30, 2024 and 2023 in the amount of \$1,056 and \$1,060, respectively.

Vina and Richard Sauer Fund

The total market value of the Vina and Richard Sauer Fund of the Community Foundation of Henderson County, Inc. as of June 30, 2024 and 2023 was \$33,606 and \$32,923, respectively. Grants received by the United Way from this fund, as included in contributions and grants on the statements of activities, for the years ended June 30, 2024 and 2023 in the amount of \$1,058 and \$1,080, respectively.

Note 11 Endowment Funds (continued)

Chester W. and Virginia Phillips Fund

The total market value of the Chester W. and Virginia Phillips Fund of the Community Foundation of Henderson County as of June 30, 2024 and 2023 was \$784,352 and \$727,243. Grants received by the United Way from this fund, as included in contributions and grants on the statements of activities, for the years ended June 30, 2024 and 2023 in the amount of \$28,495 and \$28,615, respectively.

Gay, Joy and Frank Blazey, Jr. Fund

The total market value of the Gay, Joy and Frank Blazey, Jr. Fund of the Community Foundation of Henderson County as of June 30, 2024 and 2023 was \$28,175 and \$26,629. Grants received by the United Way from this fund, as included in contributions and grants on the statements of activities, for the years ended June 30, 2024 and 2023 in the amount of \$1,068 and \$1,011, respectively.

Note 12 Net Assets

Net assets with donor restrictions totaled \$55,738 and \$0 at June 30, 2024 and 2023, respectively, and are to be used for programs. Net assets without donor restrictions at June 30, 2024 and 2023 totaled \$1,060,270 and \$1,163,783, respectively.

Included in net assets without donor restrictions at June 30 are board designated net assets which are as follows:

	<u>2024</u>	<u>2023</u>
Operating reserve	\$ 228,250	\$ 228,250
Building maintenance and capital items reserve	<u>12,667</u>	<u>12,667</u>
	<u>\$ 240,917</u>	<u>\$ 240,917</u>

Net assets released from net assets with donor restrictions for satisfaction of purpose restrictions for program activities totaled \$217,368 and \$220,000 during the years ended June 30, 2024 and 2023.

Note 13 Concentrations

Contributions and grants included \$185,523 or 65.5% from two grantors at June 30, 2024. Contributions and grants included approximately \$105,000 or 100% from three grantors at June 30, 2023.

Note 14 Pension Plan

The United Way sponsors a SEP-IRA plan for all eligible employees. Employer contributions are made at a rate of 6% of monthly salary. A one-year service eligibility period with individual employee contracts is provided. Plan contributions were \$22,016 and \$20,621 for the years ended June 30, 2024 and 2023, respectively, and are included in employee benefits in the statements of functional expenses.

Note 15 Leasing Activities

The Organization maintains three operating leases for various office equipment with payments ranging between \$15 and \$425. These agreements have no renewal options and expire between August 2027 and June 2028. An additional fee is charged monthly for overages. The Organization used the risk-free rate (ranging from 2.89% to 4.09%) at lease inception in determining the present value of lease payments. Total lease expense for the years ended June 30, 2024 and 2023 was \$6,038 and \$5,747, respectively, and is included as part of equipment rental on the statements of functional expenses.

Leases with terms of less than twelve months, if any, are recognized as operating expenses on the straight-line basis. During the years ended June 30, 2024 and 2023, there were no lease expenses associated with short-term rentals.

Maturities of operating lease liabilities are as follows:

Years Ended June 30,	Amount
2025	\$ 5,982
2026	5,982
2027	5,982
2028	1,621
2029	-
Total lease payments	19,567
Less: imputed interest	(935)
Present value of lease liabilities	<u>\$ 18,632</u>

During the year ended June 30, 2024, operating cash flows for operating leases totaled \$6,267. The weighted average of the remaining lease term of the Organization's operating leases is 3.29 years, while the weighted average discount rate is 3.1%.

Note 16 Subsequent Events

The United Way evaluated the effect that all subsequent events would have on the financial statements through March 5, 2025, which is the date the financial statements were available to be issued.