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United Way of Onslow County, Inc.
FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
United Way of Onslow County, Inc.
Jacksonville, NC

We have reviewed the accompanying financial statements of United Way of Onslow County, Inc., a nonprofit charitable organization, which comprise the statements of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Rogers & Company, CPAs, PA

Rogers & Company CPAs, PA
Morehead City, NC
December 14, 2022

Member of:
American Institute of Certified Public Accountants
North Carolina Association of Certified Public Accountants

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United Way of Onslow County, Inc.
Statement of Financial Position
As of June 30, 2022

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 92,787
Unconditional Promise to Give, Net	70,126
Other Receivables	<u>2,643</u>
Total Current Assets	165,556

NON-CURRENT ASSETS

NCCF Endowment	205,298
Property and Equipment, Net	<u>30,858</u>
Total Current Assets	236,156

TOTAL ASSETS \$ 401,712

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 3,089
Payroll Liabilities	<u>3,382</u>
Total Current Liabilities	6,471

NET ASSETS

Without Donor Restrictions	161,323
With Donor Restrictions	<u>233,918</u>
TOTAL NET ASSETS	<u><u>395,241</u></u>

TOTAL LIABILITIES AND NET ASSETS \$ 401,712

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United Way of Onslow County, Inc.
Statement of Activities
Fiscal Year Ended June 30, 2022

	2022		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Program Services	\$ 313,739	\$ -	\$ 313,739
Contributions and Fundraising	294,341	6,000	300,341
Investment Income	67	-	67
Endowment Investment Income	-	(34,631)	(34,631)
Grant Revenue	77,298	-	77,298
Events Income	26,632	-	26,632
Rental Income	5,394	-	5,394
	<u>717,471</u>	<u>(28,631)</u>	<u>688,840</u>
Total Revenue			
Expenses			
Program	442,998	-	442,998
General and Administrative	289,830	2,337	292,167
Fundraising	21,761	-	21,761
	<u>754,589</u>	<u>2,337</u>	<u>756,926</u>
Total Expense			
Change in Net Assets (Deficit)	(37,118)	(30,968)	(68,086)
Net Assets Beginning of Year (Restated)	<u>198,441</u>	<u>264,886</u>	<u>463,327</u>
Net Assets End of Year	<u>\$ 161,323</u>	<u>\$ 233,918</u>	<u>\$ 395,241</u>

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United Way of Onslow County, Inc. Statement of Functional Expenses Fiscal Year Ended June 30, 2022

June 30, 2022	Program Activity	Supporting Activities			Total Expenses
		General & Administrative	Fundraising	Total Supporting	
Expense Type	Program				
Advertising	\$ -	\$ 1,359	\$ -	\$ 1,359	\$ 1,359
Depreciation	-	6,486	-	6,486	6,486
DRF Disbursements	-	-	-	-	-
Occupancy	-	28,277	-	28,277	28,277
Operational	-	53,509	-	53,509	53,509
UW World Wide Dues	-	6,615	-	6,615	6,615
Payroll	-	174,047	-	174,047	174,047
Bad Debt Expense	-	21,425	-	21,425	21,425
2-1-1	8,194	-	-	-	8,194
CHEW! Program	257,871	-	-	-	257,871
Comm. Investment Grant	167,644	-	-	-	167,644
Endowment Fees	2,337	-	-	-	2,337
Golden Rule Award	6,087	-	-	-	6,087
Other Program Expenses	865	-	-	-	865
Events	-	-	21,761	21,761	21,761
Taxes and Licenses	-	449	-	449	449
Total Expenses	\$ 442,998	\$ 292,167	\$ 21,761	\$ 313,928	\$ 756,926

See accompanying notes and Independent Accountant's Review Report

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United Way of Onslow County
Statement of Cash Flows
Fiscal Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets (deficit)	\$ (68,086)
Adjustments to reconcile the change in net assets to net cash used in operating activities:	
Add: Depreciation	1,048
Add: Loss on Sale of Fixed Assets	
(Increase) Decrease in:	
Unconditional Promises to Give, Net	(8,769)
Other Receivables	220
Increase (Decrease) in:	
Accounts Payable	(19,100)
OE Credit Cards	1,324
Accrued Liabilities	(2,130)
Union Bank Loan	(4,066)
 Net cash provided (used) by operating activities	 (99,559)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Fixed Assets	(12,113)
Endowment NCCF	30,967
 Net cash provided (used) by investing activities	 18,854

Net increase (decrease) in cash (80,705)

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 173,492

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 92,787

Interest paid for the year ended June 30, 2022 was \$84.

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UNITED WAY OF ONSLOW COUNTY, INC. NOTES TO THE FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The United Way of Onslow County, Inc. (the Organization) is a nonprofit organization under the laws of the State of North Carolina for the purpose of soliciting and distributing funds to charitable agencies. The Organization's primary source of support is through contributions from individuals and businesses in Onslow County, and funding through federal, state, and local government agencies to operate specific programs within the scope of existing program services.

Mission

The Organization's mission is to address Onslow County's underlying and pressing needs by supporting high-impact initiatives through strategic grants. To meet this goal, grantees are held accountable to produce data-driven results for success.

Basis of Accounting

The financial statements for the Organization have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. This basis of accounting conforms to accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Advertising

The Organization uses advertising to promote its programs among the community it serves. Advertising costs are expensed as needed.

Contributions

Any contributions subject to donor-imposed restrictions are initially recorded as assets with donor restrictions. Once restrictions are met, the contributions are reclassified to assets without donor restrictions and will appear on the Statement of Activities as "net assets released from restriction." Any contributions of property and equipment are recorded at fair value on the date of donation.

Contributed services are only recorded if they meet the requirements for recognition (such as if they require specialized skills). These requirements are outlined in the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-605-25-16, "Contributed Services." The Organization does not have any volunteers that meet the criteria for recognition and they are not, therefore, reflected in the financial statements.

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UNITED WAY OF ONSLOW COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations of Credit Risk

The Organization maintains its cash balances at a single financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 in the financial institution. From time to time deposits may exceed insured limits. At June 30, 2022, the Organization's cash balances were within the insured limit.

Property, Equipment and Depreciation

Property and equipment is stated at the cost assigned as of the date of acquisition. Depreciation is provided on the straight-line methods over estimated useful lives of the assets. The estimated useful lives of the depreciable assets are:

Equipment	5 years
Furniture and Fixtures	7 years
Leasehold Improvements	10 years

The Organization follows the practice of capitalizing all expenditures for equipment in excess of \$2,500.

Expenses for maintenance and repairs are charged against operations. Renewals and improvements that materially extend the life of the assets are capitalized. Donated items are recorded at their fair market value on the date of the donation. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any net gains or losses are included in income.

Functional Allocation of Expenses

The Statement of Activities presents expenses by functional classification (program, general and administrative, and fundraising). The Statement of Functional Expenses presents these same expenses by functional and natural classification (operational, contracted services, etc.). Donated facility costs have been allocated among functional categories using a subjective basis.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the period. Actual results could differ from those estimates.

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UNITED WAY OF ONSLOW COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Asset Classes

Net asset classes and changes therein are classified as follows:

Net Assets without Donor Restrictions - Net assets not subject to donor imposed restrictions. It is the policy of the Organization to designate donor gifts without restriction at the discretion of the Board of Directors in accordance with their bylaws. Additionally, all fundraisers are considered without donor restrictions.

Net Assets with Donor Restrictions - Net assets subject to donor imposed stipulations that will be met by actions of the Organization and/or the passage of time. When a donor stipulated restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the Statement of Activities as "net assets released from restrictions". Net assets with donor restrictions also includes endowments and other funds with donor imposed stipulations requiring that they be maintained permanently by the Organization. The income from these assets is available for either general operations or specific programs as specified by the donor. Restrictions which have been met are reported as revenues released from restrictions on the Statement of Activities.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year.

Two campaign years remain open – the current year and 1 previous year. Due to the timing of receiving funds from some corporation's employee match, there is a significant amount of donations that could be received 6-8 months after the end of the Organization's year end. Holding the previous year open allows the Organization to properly match those revenues.

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UNITED WAY OF ONSLOW COUNTY, INC. NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE B - ALLOWANCE FOR DOUBTFUL ACCOUNTS

The allowance for doubtful accounts is estimated to reflect a projected change in future shrinkage rates based on the results of the three previous campaigns. As of June 30, 2022, the estimated allowance totals \$25,000, or roughly 25% of the outstanding accounts receivable, which matches the 3-year historical collections.

NOTE C - FAIR VALUE OF FINANCIAL INSTRUMENTS

Accounting principles generally accepted in the United States of America provide a framework for measuring fair value. The framework provides a 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 below:

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 other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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.

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 measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

There have been no changes in methodologies used at June 30, 2022.

The chart below shows the tiered investments stated on the Statement of Financial Position related to the Organization as of June 30, 2022.

	2022			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Pooled Endowment	\$ -	\$ -	\$ 205,298	\$ 205,298

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UNITED WAY OF ONSLOW COUNTY, INC. NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE D - VARIANCE POWER

The Organization has been granted "variance power" for the current year contributions, with the exception of contributions made to specific nonprofit organizations. Variance power is the unilateral power to redirect the use of contributions to a beneficiary other than the one specified by the resource provider. The Organization has variance power on all contributions except for \$233,918 for the year ended June 30, 2022. See Note K for a description of these funds.

NOTE E - INCOME TAXES

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. During the year ended June 30, 2022, the Organization did not have any income subject to taxation as unrelated business income. As of June 30, 2022, the only periods that are open to IRS examination are the years ended on June 30, 2019, June 30, 2020, and June 30, 2021.

NOTE F - CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the Statement of Financial Position that sum to the total of the same such amounts shown in the Statement of Cash Flows for the year ended June 30, 2022:

	<u>2022</u>
Cash and Cash Equivalents	\$ 64,166
Restricted Cash - Disaster Relief Fund	28,621
Total Cash, Cash Equivalents and Restricted	<u>\$ 92,787</u>

In 2012, the Jacksonville-Onslow Disaster Relief Fund was created in response to the natural disasters that struck Onslow County in 2011 in an effort to assist the residents of Onslow County following a disaster. A Disaster Relief Fund Committee was thereby established and is responsible for reviewing and approving the disbursements of these funds. The Organization's Board of Directors provides the final approval of any disbursements from this fund. The Organization acts as the fiscal agent for this Fund and does not use any of the funding for administrative costs.

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UNITED WAY OF ONSLOW COUNTY, INC. NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE G - PROMISES TO GIVE

Unconditional promises to give at June 30, 2022 consists of the following:

	<u>2022</u>
Receivables in Less Than 1 Year	\$ 95,126
Allowance for Uncollectible Promises Receivable	(25,000)
Net Unconditional Promises to Give	<u>\$ 70,126</u>

NOTE H - BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION

The Organization has a beneficial interest in assets held by the North Carolina Community Foundation (NCCF) valued at \$205,298 as of June 30, 2022, which consists of funds contributed by the Organization and includes earnings thereon, net of distributions received. The Organization granted variance power to the NCCF, thus the NCCF has full authority and discretion as to the investment and reinvestment of the assets. A portion of the earnings are periodically made available for distribution to the Organization based on the spending policy adopted by the NCCF. The beneficial interest in assets held by the NCCF is valued using Level 3 measurements. The unobservable inputs are the underlying assets at the NCCF and follow their investment policies.

The following table presents a roll forward of activity for assets held by the NCCF at fair value using significant unobservable inputs (Level 3) for the year ended June 30, 2022.

	<u>2022</u>
Beginning Balance	\$ 236,266
Contributions	6,000
Interest and Dividend Income	4,562
Depreciation of Investments	(39,193)
Administrative Fees	(2,337)
Distributions	-
Ending Balance	<u>\$ 205,298</u>

During the year ended June 30, 2017, the Organization took an extraordinary distribution from the assets held by NCCF in the amount of \$30,000. The final payment was due no later than May 2021. The Organization was not able to meet the due date due to pandemic related delays and has renegotiated a new agreement under which they will pay \$500 per month until the amount is fully repaid. During the year ended June 30, 2022, \$6,000 was paid to replenish the fund.

The Organization is entitled to earnings which are available for distribution through the beneficial interest in assets held by NCCF. There was \$9,220 available for distribution as of June 30, 2022.

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UNITED WAY OF ONSLOW COUNTY, INC. NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE I - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following represents the Organization's financial assets at June 30, 2022:

Financial assets at year end:	
Cash and Cash Equivalents	\$ 64,166
Unconditional Promises to Give, Net	70,126
Other Receivables	2,643
Restricted Cash - Disaster Relief Fund	28,621
Beneficial Interest in Assets Held by Community Foundation	<u>205,298</u>
Total financial assets	370,854
Less amounts not available to be used within one year:	
NCCF Endowment Fund	(205,298)
Restricted Cash - Disaster Relief Fund	<u>(28,621)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 136,935</u>

The Organization's primary source of support is derived from campaign contributions. The Organization budgets their annual expenditures based on their expected contributions. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as general expenses, liabilities, and other obligations come due. The balance in their Beneficial Interest in Assets Held by Community Foundation may be drawn upon by request in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

NOTE J - PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2022 consists of the following:

Land and Building	\$ 8,143
Leasehold Improvements	52,321
Office Furniture and Equipment	16,592
Vehicle	<u>17,551</u>
Total Property and Equipment	94,607
Less: Accumulated Depreciation	<u>(63,749)</u>
Property and Equipment, Net	<u>\$ 30,858</u>

Depreciation expense for the year ended June 30, 2022 was \$6,486.

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UNITED WAY OF ONSLOW COUNTY, INC. NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE K - NET ASSETS WITH DONOR RESTRICTIONS

Net Assets with Donor Restrictions consist of the following as of June 30, 2022:

NCCF Endowment Fund	\$ 205,298
Disaster Relief Fund	28,620
	<u>\$ 233,918</u>

NOTE L - OPERATING LEASE AGREEMENTS

The Organization currently leases office space on a month-to-month agreement for \$875 per month and leases a office copier for \$325 per month, which ends in April 2023. Future minimum rental payments due under the leases are as follows:

Year ending	
June 30,	Amount
2023	1,300
2024	-
2025	-
Total	<u>\$ 1,300</u>

The Organization subleases a portion of their office space to a tenant under a 12-month operating lease which expired in July 2020 and moved to a monthly agreement. Sublease rental payments are \$500 per month.

NOTE M - IN-KIND CONTRIBUTIONS

The Organization records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses.

During the year ended June 30, 2022, the Organization received various in-kind contributions for materials with fair values on the dates of donation totaling \$251,814.

The Organization receives a substantial amount of services donated by volunteers in carrying out the Organization's activities. No amounts have been reflected in the financial statements for those services as the services do not require specialized skills.

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UNITED WAY OF ONSLOW COUNTY, INC. NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE N - DISTRIBUTIONS TO COMMUNITY AGENCIES

Distributions to community agencies for the year ended June 30, 2022 consists of the following:

	<u>2022</u>
Onslow Community Outreach	\$ 44,000
PEERS	30,000
Brigade Boys and Girls Club	16,000
Sponsors for Academic Talent Inc.	13,000
Onslow Women's Shelter	12,000
Boy Scouts	11,000
Possumwood Acres Wildlife Sanctuary	10,000
Girls Scouts Coastal Carolina	7,500
Sturgeon City	7,500
Friends of Aging	5,000
True Justice International	4,000
American Red Cross	2,500
Special Olympics North Carolina	2,500
	<u>\$ 165,000</u>

NOTE O - COVID-19 IMPACT

The Organization has been affected by COVID-19. The Organization receives most of its revenues through donations and fundraisers. While the Organization did not hold its annual Vine and Dine event in fiscal year 2022, it was able to begin a LipSync event, which has been very well received by the public and profitable. During the year, the Organization, as well as United Way as a whole, experienced a drop in cash giving, but saw significant increases in food donations for the CHEW program.

NOTE P - PRIOR YEAR RESTATEMENT

Management reclassified \$30,304 from Net Assets Without Donor Restrictions to Net Assets with Donor Restrictions to capture amounts that should be classified as restricted. This adjustment reflects the ending balance as stated in Note K above for Net Assets with Donor Restrictions.

NOTE Q - SUBSEQUENT EVENTS

Management has evaluated subsequent events for recognition or disclosure through December 14, 2022, the date on which the financial statements were available to be issued.