UNITED WAY OF ASHEVILLE
AND BUNCOMBE COUNTY, INC.

Asheville, North Carolina

Financial Statements and
Supplementary Information

Years Ended June 30, 2023 and 2022

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

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CARTER
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
United Way of Asheville and Buncombe County, Inc.

Opinion

We have audited the accompanying financial statements of United Way of Asheville and Buncombe County, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Asheville and Buncombe County, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of Asheville and Buncombe County, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 United Way of Asheville and Buncombe County, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 United Way of Asheville and Buncombe County, Inc's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Asheville and Buncombe County, 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 Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of grants to partner organizations and schedule of building expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Carter, P.C.

Asheville, North Carolina
November 10, 2023

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Current assets:		
Cash and equivalents:		
Unrestricted	$ 905,159	$ 580,180
Restricted	2,465	13,607
Grants receivable	109,284	85,103
Promises to give, current portion	1,029,935	1,267,596
Accounts receivable	104,692	181,509
Other receivables	14,582	6,108
Prepaid expenses	13,815	19,575
Total current assets	2,179,932	2,153,678
Promises to give, net of current portion	149,349	383,017
Investments	1,312,893	1,366,772
Beneficial interest in endowment funds	2,515,899	2,459,822
Property and equipment	1,873,999	1,626,869
Total assets	$ 8,032,072	$ 7,990,158
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 462,491	$ 332,081
Grants payable		363,780
Security deposits	3,227	3,227
Deferred revenue	786,366	479,394
Total current liabilities	1,252,084	1,178,482
Net assets:		
Without donor restrictions	5,473,955	5,661,127
With donor restrictions	1,306,033	1,150,549
Total net assets	6,779,988	6,811,676
Total liabilities and net assets	$ 8,032,072	$ 7,990,158

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

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Campaign contributions	$	$ 2,584,997	$ 2,584,997
Less, designations received and paid		(194,204)	(194,204)
Building rents, net	41,629		41,629
Grants		1,524,929	1,524,929
Contracts	713,123		713,123
Sponsorships		44,150	44,150
Other contributions		128,605	128,605
Investment income, net	23,596		23,596
In-kind contributions	20,600		20,600
Net assets released from restrictions	3,932,993	(3,932,993)	
Total revenues and other support	4,731,941	155,484	4,887,425
Expenses			
Program services	3,878,217		3,878,217
Supporting services	1,212,020		1,212,020
Total expenses	5,090,237		5,090,237
Increase (decrease) in net assets before other losses	(358,296)	155,484	(202,812)
Other gains			
Net gains on investments	23,933		23,933
Net gains on beneficial interest in endowment funds	147,191		147,191
Total other gains	171,124		171,124
Increase (decrease) in net assets	(187,172)	155,484	(31,688)
Net assets at beginning of year	5,661,127	1,150,549	6,811,676
Net assets at end of year	$ 5,473,955	$ 1,306,033	$ 6,779,988

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

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Campaign contributions	$	$ 3,870,825	$ 3,870,825
Less, designations received and paid		(94,457)	(94,457)
Building rents, net	48,348		48,348
Grants		1,495,630	1,495,630
Contracts	557,143		557,143
Sponsorships		35,000	35,000
Other contributions		28,281	28,281
Investment income, net	8,203		8,203
In-kind contributions	80,903		80,903
Net assets released from restrictions	5,817,369	(5,817,369)	
Total revenues and other support	6,511,966	(482,090)	6,029,876
Expenses			
Program services	4,086,947		4,086,947
Supporting services	1,440,039		1,440,039
Total expenses	5,526,986		5,526,986
Increase (decrease) in net assets before other losses	984,980	(482,090)	502,890
Other losses			
Net losses on investments	(160,086)		(160,086)
Net losses on beneficial interest in endowment funds	(349,339)		(349,339)
Total other losses	(509,425)		(509,425)
Increase (decrease) in net assets	475,555	(482,090)	(6,535)
Net assets at beginning of year	5,185,572	1,632,639	6,818,211
Net assets at end of year	$ 5,661,127	$ 1,150,549	$ 6,811,676

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

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services			
	2-1-1 Call Center	Community Engagement	Communi- cations & Marketing	Community Schools
Salaries	$ 696,184	$ 263,617	$ 182,207	$ 826,247
Employee benefits	141,489	41,942	26,640	174,811
Payroll taxes	53,751	20,436	14,059	62,723
Contract labor	7,114	122,084	913	72,993
Total payroll and related expenses	898,538	448,079	223,819	1,136,774
Grants and contracts		118,338		437,056
Supplies	6,852	17,165	13,550	23,859
In Kind		10,600		10,000
Maintenance	26,838	6,587	3,654	24,387
Computer support	12,836	4,456	6,252	14,880
Printing	982	268	24,004	1,521
Postage	3,580	603	742	1,877
Telephone	22,290	3,705	1,701	9,134
Training	1,735	13,421	2,604	44,549
Travel and conferences	15,343	9,571	2,582	47,948
Memberships and dues	710	723		
Advertising	150		36,831	
Professional fees	6,500	35,234	16,653	60,216
Insurance	9,021	2,271	1,070	5,991
Miscellaneous	5,375	1,685	756	4,022
Total expenses before interest and depreciation	1,010,750	672,706	334,218	1,822,214
Interest				
Depreciation	16,924	4,978	2,489	13,938
Total expenses	$ 1,027,674	$ 677,684	$ 336,707	$ 1,836,152

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

Statement of Functional Expenses (continued)
Year Ended June 30, 2023

		Supporting Services			
	Total Program Services	Management & General	Fundraising	Total Supporting Services	Total
Salaries	$ 1,968,255	$ 279,014	$ 367,966	$ 646,980	$ 2,615,235
Employee benefits	384,882	51,489	72,489	123,978	508,860
Payroll taxes	150,969	21,211	28,013	49,224	200,193
Contract labor	203,104	13,066	53,743	66,809	269,913
Total payroll and related expenses	2,707,210	364,780	522,211	886,991	3,594,201
Grants and contracts	555,394	75		75	555,469
Supplies	61,426	4,286	4,121	8,407	69,833
In Kind	20,600				20,600
Maintenance	61,466	8,870	10,059	18,929	80,395
Computer support	38,424	16,711	56,094	72,805	111,229
Printing	26,775	357	1,841	2,198	28,973
Postage	6,802	805	1,018	1,823	8,625
Telephone	36,830	3,690	3,728	7,418	44,248
Training	62,309	3,656	3,147	6,803	69,112
Travel and conferences	75,444	9,778	41,546	51,324	126,768
Memberships and dues	1,433	78,413	1,640	80,053	81,486
Advertising	36,981	6,117	244	6,361	43,342
Professional fees	118,603	39,793	4,741	44,534	163,137
Insurance	18,353	2,568	3,867	6,435	24,788
Miscellaneous	11,838	4,774	1,531	6,305	18,143
Total expenses before interest and depreciation	3,839,888	544,673	655,788	1,200,461	5,040,349
Interest		111		111	111
Depreciation	38,329	5,973	5,475	11,448	49,777
Total expenses	$ 3,878,217	$ 550,757	$ 661,263	$ 1,212,020	$ 5,090,237

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

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services			
	2-1-1 Call Center	Community Engagement	Communi-cations & Marketing	Community Schools
Salaries	$ 649,571	$ 214,665	$ 130,526	$ 841,515
Employee benefits	140,775	45,561	24,677	172,076
Payroll taxes	49,409	15,725	9,960	63,168
Contract labor	21,189	5,972	18,257	74,857
Total payroll and related expenses	860,944	281,923	183,420	1,151,616
Grants and contracts	132,380	82,505	20,031	786,686
Supplies	515	22,688	2,103	23,767
Homework diners				1,290
Maintenance	22,418	3,773	3,977	16,900
Computer support	2,960	9,547	5,603	3,482
Printing	47	8	19,284	380
Postage	1,710	246	494	1,102
Telephone	15,919	2,145	1,066	3,922
Training	13,044	953	5,235	159,837
Travel and conferences	28,510	10,130	4,528	80,666
Memberships and dues	4,870	1,085	835	3,693
Advertising		450	36,854	112
Professional fees	1,940	3,066	12,669	11,805
Insurance	502	152	407	1,035
Miscellaneous	5,274	1,566	798	4,320
Total expenses before interest and depreciation	1,091,033	420,237	297,304	2,250,613
Interest				
Depreciation	11,806	3,419	1,899	10,636
Total expenses	$ 1,102,839	$ 423,656	$ 299,203	$ 2,261,249

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

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

Statement of Functional Expenses (continued)
Year Ended June 30, 2022

		Supporting Services			
	Total Program Services	Management & General	Fundraising	Total Supporting Services	Total
Salaries	$ 1,836,277	$ 275,699	$ 376,460	$ 652,159	$ 2,488,436
Employee benefits	383,089	62,629	69,527	132,156	515,245
Payroll taxes	138,262	20,399	28,067	48,466	186,728
Contract labor	120,275	6,200	33,668	39,868	160,143
Total payroll and related expenses	2,477,903	364,927	507,722	872,649	3,350,552
Grants and contracts	1,021,602	48,168	47,996	96,164	1,117,766
Supplies	49,073	5,401	7,385	12,786	61,859
Homework diners	1,290				1,290
Maintenance	47,068	6,495	13,207	19,702	66,770
Computer support	21,592	26,731	21,361	48,092	69,684
Printing	19,719	11	2,541	2,552	22,271
Postage	3,552	347	960	1,307	4,859
Telephone	23,052	1,973	2,264	4,237	27,289
Training	179,069	6,674	12,968	19,642	198,711
Travel and conferences	123,834	10,967	34,007	44,974	168,808
Memberships and dues	10,483	84,771	3,452	88,223	98,706
Advertising	37,416				37,416
Professional fees	29,480	39,918	10,522	50,440	79,920
Insurance	2,096	847	972	1,819	3,915
Bad debt			143,428	143,428	143,428
Miscellaneous	11,958	16,526	7,561	24,087	36,045
Total expenses before interest and depreciation	4,059,187	613,756	816,346	1,430,102	5,489,289
Interest		1,200		1,200	1,200
Depreciation	27,760	4,558	4,179	8,737	36,497
Total expenses	$ 4,086,947	$ 619,514	$ 820,525	$ 1,440,039	$ 5,526,986

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

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Increase (decrease) in net assets	$ (31,688)	$ (6,535)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	83,493	74,483
Bad debt expense		143,428
Present value adjustment		8,450
Receipt of donated stock	(404,392)	(161,632)
Net (gains) losses on investments	(23,933)	160,086
Net (gains) losses on beneficial interest in endowment funds	(147,191)	349,339
Paycheck Protection Program loan forgiveness		(423,945)
Noncash interest expense		5,945
Changes in working capital - sources (uses):		
Grants receivable	(24,181)	134,804
Promises to give	471,329	(514,811)
Accounts receivable	76,817	4,564
Other receivables	(8,474)	9,580
Prepaid expenses	5,760	(14,642)
Accounts payable and accrued liabilities	130,410	(37,955)
Grants payable	(363,780)	(363,781)
Deferred revenue	306,972	479,394
Contributions restricted for long-term purposes	(229,438)	
Net cash used by operating activities	(158,296)	(153,228)
Cash flows from investing activities		
Proceeds from sale of investments	4,163,758	2,915,155
Distribution from beneficial interest in endowment funds	94,260	84,430
Purchase of investments	(3,681,554)	(2,678,643)
Contributions to beneficial interest in endowment funds		(106,939)
Change in beneficial interest in endowment funds	(3,146)	4,458
Purchase of property and equipment	(330,623)	(48,533)
Net cash provided by investing activities	242,695	169,928
Cash flows from financing activities		
Proceeds from borrowings on line of credit	162,852	65,999
Principal repayments on line of credit	(162,852)	(65,999)
Contributions restricted for long-term purposes	229,438	
Net cash provided by financing activities	229,438	
Net increase in cash and equivalents and restricted cash	313,837	16,700
Cash and equivalents and restricted cash at beginning of year	593,787	577,087
Cash and equivalents and restricted cash at end of year	$ 907,624	$ 593,787
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$ 111	$ 1,200

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

Note 1 - Nature of Organization and Summary of Significant Accounting Policies

Organization

Since its founding in 1921, United Way of Asheville and Buncombe County, Inc. (Organization) is a nonprofit that has served as a convener - bringing together the necessary people and resources needed to tackle crucial community issues and connect people to the support they need. Guiding this work are these core elements:

VISION: A united and resilient community where everyone belongs and everyone thrives.

MISSION: We mobilize and support a robust network of people, partners, and resources to co-create opportunities for every person in our community to live free from poverty and injustice.

FOCUS: We employ the community school strategy as the organizing framework for elevating student success, supporting families, and engaging communities throughout Buncombe County.

As the Organization enters their second century of work their vision, mission, and focus are visible in the Organization's key strategies:

- Community Investments and Partnerships: Using input from volunteers and subject-matter experts, the Organization invests community donations and other resources in high-quality programs that improve the education, financial stability, and health of the community through grants and contracts to other nonprofit agencies.

- United for Youth and Community Schools: Students and families living in poverty face significant barriers to educational success and a healthy life. The Organization serves as a backbone organization to a network of more than 50 organizations that are changing how we build support for students, families, and communities. In partnership with Asheville City Schools and Buncombe County Schools, the Organization also operates 7 Community Schools. These sites serve as hubs of support for students and families.

NC 211: NC 211 is an information and referral service provided by United Way of North Carolina. Two call centers, one in Cary and the other in Asheville each serve 50 counties. The Asheville Call Center is operated by the Organization. North Carolina residents can call to obtain free and confidential information on health and human services within their community. Available in most languages, NC 211 is open 24 hours a day, seven days a week, 365 days a year. The NC 211 contract expired on June 30, 2023, and was not renewed.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Organization (continued)

- Hands On Asheville-Buncombe: The Organization's volunteer center mobilizes more than 3,000 people every year to tackle projects of every shape and size and connects people to volunteer opportunities that fit their interests, skills and availability through the Organization and other nonprofit and public service organizations. During the height of COVID-19, Hands On Asheville-Buncombe played a vital role in both the City of Asheville and Buncombe County's response efforts. As the work of United for Youth grows, the volunteer center will drive community efforts in support of network partners and our collective efforts to achieve our community's bold community goal.

Income Tax Status

The Organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under section 509(a)(2). The Organization has also been classified as a publicly-supported charitable organization and is exempt from state taxes under North Carolina General Statute 105-130.11(a).

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting 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 according to the following net asset classifications:

- *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 primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.

- *Net assets with donor restrictions*: Net assets subject to donor-imposed time or purpose restrictions. These restrictions limit the spending options when using these resources because the Organization has a fiduciary responsibility to follow the donors' instructions. Net assets with donor restrictions generally result from donor-restricted contributions and grants for a specific purpose. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization, or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Support is recorded as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on net assets (that is, the donor-stipulated purpose has been fulfilled and/or time period has elapsed) are reported as net assets released from restrictions.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Measure of Operations

The statements of activities report 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 program services. Non-operating activities are limited to resources that generate return from investments, other investments, and beneficial interest in endowment funds, and other activities considered to be more unusual or nonrecurring in nature.

Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The carrying value of substantially all reported assets and liabilities, other than promises to give, investments, and beneficial interest in endowment funds, approximates fair value due to the relatively short-term nature of the financial instruments.

Amounts recognized for promises to give approximates fair value due to the allowance for uncollectible promises to give and net present value adjustment applied to outstanding balances.

Fair value of investments and beneficial interest in endowment funds are discussed in Note 6.

Cash and Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, except those amounts designated and classified as investments. Restricted cash consists of cash held for health insurance claims.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are expected to be received. Amortization of the discount is included in campaign contributions. Management provides for probable uncollectible amounts through a provision for uncollectible promises to give based on prior collection history and future expected collection rates.

Accounts, Grants, and Other Receivables

Accounts receivable consist of uncollateralized customer obligations for contract services and rental fees. Receipts of payments of accounts receivable are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices. The Organization has not experienced significant difficulties in collecting accounts receivable and therefore does not assess finance charges. Grants receivable are funds due from federal agencies and nonprofit organizations. Other receivables consist primarily of sales tax receivables.

All accounts, grants, and other receivables are considered by management to be fully collectible and therefore no allowance for uncollectible accounts has been recorded. Receivables are considered impaired if full payment is not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible receivables when management determines collection is unlikely.

Investments

Investments are recorded at fair market value. Both unrealized gains and losses from the fluctuation of market value and realized gains and losses from the sale of investments are reflected in the statements of activities.

Investment Income and Gains

Investment income and gains are reported as increases in net assets without donor restrictions unless the income or gains is restricted by donors or law.

Fair Value Measurements and Disclosures

The Organization applies U.S. GAAP authoritative guidance for fair value measurements and disclosures, which defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements. The standard describes three levels of inputs that may be used to measure fair value:

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Fair Value Measurements and Disclosures (continued)

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.

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.

Assets and liabilities within the hierarchy are based on the lowest (or least observable) input that is significant to the measurement. The Organization's assessment of the significance of an input requires judgment, which may affect the valuation and classification within the fair value hierarchy.

Property and Equipment

Additions to property and equipment, if purchased, are recorded at cost. Major renewals and replacements are capitalized. Expenditures for repairs and maintenance that do not improve or extend the life of the asset are expensed. The Organization has adopted an accounting policy to capitalize all property and equipment with a cost greater than $1,000 and an estimated useful life extending beyond one year. Depreciation is computed using the straight-line method over the estimated useful life of the asset, ranging from three to thirty-nine years.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at the estimated fair value at the date of the gift. The Organization reports gifts of property and equipment as contributions without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are recorded as net assets with donor restrictions until such assets are acquired or placed in service.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Donated Assets

Donated marketable securities are recorded as campaign contributions at their estimated fair value at the date of donation. Donated materials and equipment are reflected as in-kind contributions at their estimated fair value at the date of donation. Noncash donated assets are described in Note 10.

Donated Services

Donated services are recognized as in-kind contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated services are described in Note 10.

Grants Payable

Unconditional grants are charged to operations and recognized as liabilities when authorized by the Board of Directors, regardless of the year in which they are paid. Gifts that are subject to conditions are recorded when approved by the Board of Directors and the conditions are substantially met. The Organization has allocated grants payable to partner organizations in the amount of $363,780, as of June 30, 2022, which were paid in the year ending June 30,2023. While the board did not commit allocations at June 30, 2023, the Organization continues to support the community through various partners and community schools.

Revenue Recognition

Contributions are recognized when cash, securities, other assets, or 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 of the asset or right of release of the obligation - are not recognized until the conditions on which they depend have been met.

A portion of the Organization’s revenue is derived from cost-reimbursable federal and local contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statements of financial position.

Revenue Recognition (continued)

Certain campaign contributions made to the Organization are designated by the donors to be paid out to other agencies. These contributions are recognized as both campaign contributions and designations received and paid on the accompanying statements of activities. Designations received and paid are recorded net of collection fees earned. The balance of unpaid promises to give designated to agencies remains as a liability until the pledge is collected and paid out. The liability for unpaid designations to agencies is recorded as a reduction of promises to give in the statements of financial position.

Contract revenue is recorded at contractually agreed upon rates based on estimated total consideration due from customers in exchange for providing services. These services are considered to have a single performance obligation and are recognized as these services are provided.

The Organization also recognizes revenue from acting as a lessor in operating leases. Revenue is recorded as rental income in the statements of activities and is accounted for on the straight-line basis over the lease term. Rental income is presented net of related rental expenses as disclosed in Note 11, Building Rents.

Advertising

The Organization uses advertising to promote various programs. Advertising costs are not expected to extend beyond the current period and are expensed as incurred. Advertising expense for the years ended June 30, 2023 and 2022, was $43,342 and $37,416, respectively.

Functional Allocation of Expenses

The cost of providing program and supporting services activities have been summarized on a functional basis in the statements of activities and functional expenses. Certain categories of expenses are attributable to programs and support. All expenses except for grants and contracts, homework diners, and bad debt are allocated based on estimates of time and effort and square footage of building space in which the programs are operated. Grants and contracts and homework diners are directly related to program services. Bad debt is directly related to fundraising which is a supporting service.

Reclassification

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements

During the year ended June 30, 2023, the Organization adopted the requirements of the following standards set by the Financial Accounting Standards Board (FASB).

Accounting Standards Update 2016-02, *Leases (Topic 842)* (ASU 2016-02), which supersedes existing guidance for accounting under *Topic 840, Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2019-01, *Leases (Topic 842): Codification Improvements*; and ASU 2021-09, *Leases (Topic 842) Discount Rate for Lessees That Are Not Public Business Entities*. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

The Organization elected to adopt these ASU's effective July 1, 2022. The prior period statement of financial position was not adjusted.

An election has been made to apply the short-term lease exception to all leases with a term of 12 months or less. Short-term lease costs do not reflect ongoing short-term lease commitments.

The Organization applied the package of practical expedients allowed by the standard, to account for existing operating leases under the new guidance, without reassessing:

- Whether any expired or existing contracts are or contain leases under the new definition;
- The lease classification of any expired or existing leases; or
- Whether previously capitalized costs continue to qualify as initial direct costs.

Recently Issued Accounting Pronouncement

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 is intended to improve financial reporting about credit losses on certain receivable balances. The new standard will be effective beginning July 1, 2023. The Organization is in the process of evaluating the effect this guidance will have on its financial statements and related disclosures.

Note 2 - Net Assets

Net assets are described as follows:

At June 30	2023	2022
Net assets without donor restrictions:		
Undesignated	$ 2,338,162	$ 2,684,427
Investment in property and equipment	1,873,999	1,626,869
Board designated:		
Operating reserve	400,647	804,922
Building reserve	366,147	366,147
Endowment	495,000	
2-1-1 reserve		178,762
Net assets without donor restrictions	5,473,955	5,661,127
Net assets with donor restrictions:		
Subject to expenditure for specified purpose or period:		
Advanced pledges	422,950	402,168
Grants	27,500	119,503
Elevator project	291,938	120,000
Retainage wall	50,000	
Total subject to expenditure for specified purpose or period	792,388	641,671
Not subject to spending policy or appropriation:		
Promises to give	6,974	19,423
Beneficial interest in endowment funds in perpetuity	506,671	489,455
Total not subject to spending policy or appropriation	513,645	508,878
Net assets with donor restrictions	1,306,033	1,150,549
Total net assets	$ 6,779,988	$ 6,811,676

Note 3 - Liquidity and Availability of Financial Assets

The Organization received significant contributions and promises to give restricted by donors and consider those program contributions, which are ongoing, major, and central to its operations, to be available to meet cash needs for general expenditures.

The Organization manages liquidity and reserves utilizing three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets to fund near-term operating needs, and
- Maintaining dedicated reserves to provide reasonable assurance that obligations are met.

Board designated operating reserves are available for appropriation by the Board. Although the Organization does not intend to spend from its board designated operating reserves, other than amounts appropriated for general expenditure as part of its annual budget process, amounts could be made available if necessary.

Note 3 - Liquidity and Availability of Financial Assets (continued)

The Organization maintains a line of credit, as discussed in Note 9, to meet short-term working capital needs with access to up to $600,000 to meet general expenditure needs.

The following reflects the liquidity and availability of the Organization's financial assets:

At June 30	2023	2022
Financial assets:		
Cash and equivalents, and restricted cash	$ 907,624	$ 593,787
Grants receivable	109,284	85,103
Promises to give, net	1,179,284	1,650,613
Accounts receivable	104,692	181,509
Other receivables	14,582	6,108
Investments	1,312,893	1,366,772
Beneficial interest in endowment funds	2,515,899	2,459,822
Total financial assets	6,144,258	6,343,714
Amounts not available for general expenditure:		
Board designated operating reserve	(400,647)	(804,922)
Board designated building reserve	(366,147)	(366,147)
Board designated 2-1-1 reserve		(178,762)
Total net assets with donor restrictions	(1,306,033)	(1,150,549)
Add back: unallocated promises to give, current portion	254,450	
Total amounts not available for general expenditure	(1,818,377)	(2,500,380)
Net financial assets available to meet cash needs for general expenditures within one year	$ 4,325,881	$ 3,843,334

Note 4 - Contract Assets and Liabilities

Grants receivable, promises to give, and accounts receivable represent the Organization's contract assets with an unconditional right to receive consideration from customers. Grants and accounts receivable are recorded at invoiced amounts or amounts expected to be receivable based on contractual terms without conditions. Promises to give are recorded at net realizable value or present value of future cash flows. The Organization's incremental borrowing rate was used as the discount rate. The discount rate for the years ended June 30, 2023 and 2022, was of 8.5% and 5%, respectively.

Note 4 - Contract Assets and Liabilities (continued)

The following table provides information about contract assets:

At June 30	2023	2022	2021
Grants receivable	$ 109,284	$ 85,103	$ 219,907
Promises to give:			
Due in less than one year	1,297,626	1,432,468	1,312,780
One to five years	168,500	402,168	243,000
Total unconditional promises to give	1,466,126	1,834,636	1,555,780
Less, designations to other agencies	(130,834)	(30,946)	(99,399)
Less, discount on net present value	(19,151)	(19,151)	(10,701)
Less, allowance for uncollectible promises to give	(136,857)	(133,926)	(158,000)
Promises to give, net	1,179,284	1,650,613	1,287,680
Accounts receivable	104,692	181,509	186,073
Total contract assets	$ 1,393,260	$ 1,917,225	$ 1,693,660

Contract liabilities are recorded when a customer pays consideration, or the Organization has a right to an amount of consideration that is unconditional, before the transfer of a good or performance of a service to the customer. Thus, the Organization has an obligation to transfer the good or service to the customer at a future date. The Organization's contract liabilities consist of security deposits for rental units and deferred revenue Deferred revenue, representing conditional contributions and advance payments received from donors and grantors prior to incurring expenditures in compliance with specific contract or grant provisions.

Significant changes in contract liabilities from contracts with customers are as follows:

Years Ended June 30	2023	2022
Security deposits, beginning of year	$ 3,227	$ 3,227
Deferred revenue, beginning of year	479,394	
Advanced payments	975,000	479,394
Amounts expended	(668,028)	
Deferred revenue, end of year	786,366	479,394
Total contract liabilities	$ 789,593	$ 482,621

Note 5 - Beneficial Interest in Endowment Funds

The beneficial interest in endowment funds is managed by the Community Foundation of Western North Carolina, Inc. (Foundation). The fund agreement grants variance power to the Foundation. This power allows the Board of Directors of the Foundation to modify any condition or restriction on the use and distribution of funds if, in its sole judgement (without the approval of any trustee, custodian, guardian or agent), such condition or restriction becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the area served by the Foundation. Under the terms of the agreements, the Organization can withdraw all or a portion of the original principal provided the governing board of the Organization approves the withdrawal except for a $25,000 required minimum balance as stipulated in the terms of one of the fund agreements. The Organization's beneficial interest in endowment funds is invested in an allocated investment pool at the Foundation and is presented in the financial statements in the aggregate at fair value.

Note 6 - Fair Value Measurements

Investments and beneficial interest in endowment funds are recorded in the accompanying financial statements at estimated fair value in accordance with the fair value hierarchy. The following is a description of the valuation methodologies used for assets measured at fair value:

Cash and Money Market Funds
Cash and money market funds are valued using observable market data and are categorized as Level 1 to the degree that they can be valued based on quoted market prices in active markets. Although these funds are readily available, it is the intent of the Organization to hold them for investment purposes and therefore have classified them as investments.

Equity Investments
Equity investments consist of daily traded exchange-traded funds and common stock. These investments are generally valued based on quoted market prices in active markets obtained from exchange or dealer markets for identical assets, and are accordingly categorized as Level 1, with no valuation adjustments applied.

Beneficial Interest in Endowment Funds
The fair value of the beneficial interest in endowment funds is provided by the Foundation. Due to the inputs being unobservable, the instrument is classified as Level 3.

Note 6 - Fair Value Measurements (continued)

The following tables sets forth estimated fair values of financial instruments:

At June 30, 2023	Level 1	Level 2	Level 3	Total
Investments:				
Cash and money market funds	$ 52,075	$	$	$ 52,075
Equity investments:				
Exchange-traded funds	1,242,913			1,242,913
Equities	17,905			17,905
Total investments	1,312,893			1,312,893
Beneficial interest in endowment funds			2,515,899	2,515,899
Total fair value measurements	$ 1,312,893	$	$ 2,515,899	$ 3,828,792

At June 30, 2022	Level 1	Level 2	Level 3	Total
Investments:				
Cash and money market funds	$ 38,396	$	$	$ 38,396
Equity investments:				
Exchange-traded funds	1,328,376			1,328,376
Total investments	1,366,772			1,366,772
Beneficial interest in endowment funds			2,459,822	2,459,822
Total fair value measurements	$ 1,366,772	$	$ 2,459,822	$ 3,826,594

A reconciliation of changes in Level 3 inputs is as follows:

Year Ended June 30	2023	2022
Level 3 inputs, beginning of year	$ 2,459,822	$ 2,791,110
Contributions		106,939
Distributions	(94,260)	(84,430)
Interest and dividends	23,526	19,224
Investment fees	(20,380)	(23,682)
Net gains (losses)	147,191	(349,339)
Level 3 inputs, end of year	$ 2,515,899	$ 2,459,822

Note 7 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are described as follows:

At June 30	2023	2022
Accounts payable	$ 227,386	$ 105,009
Accrued compensated absences	151,143	169,676
Accrued payroll	79,144	50,682
Accrued health insurance liabilities	241	824
Accrued interest and taxes	4,577	5,890
Accounts payable and accrued liabilities	$ 462,491	$ 332,081

Note 8 - Property and Equipment

Property and equipment consist of the following:

At June 30	2023	2022
Land	$ 100,420	$ 100,420
Building and improvements	3,055,107	3,041,326
Furniture and equipment	516,291	441,361
Vehicles	2,400	2,400
Centennial collection	7,870	7,870
Construction in progress	241,912	
	3,924,000	3,593,377
Less, accumulated depreciation	(2,050,001)	(1,966,508)
Property and equipment	$ 1,873,999	$ 1,626,869

Depreciation expense for the years ended June 30, 2023 and 2022, was $83,493 and $74,483, respectively.

Note 9 - Line of Credit

The Organization maintains an unsecured line of credit with maximum borrowings of $600,000. The Organization has no significant compensating balance requirements or commitment fees related to this line. Interest is charged at the Wall Street Journal prime rate, plus 0.25% with a minimum rate of 4.5%. As of June 30, 2023, the interest rate was 8.5%. The line of credit did not have an outstanding balance at June 30, 2023 and 2022, and matures in March 2025.

Note 10 - In-Kind Contributions

In-kind gifts are acknowledged for the furtherance of the various programs and mission of the Organization.

For the years ended June 30, 2022, the Organization received in-kind school supplies used in program services and without donor restrictions in the amount of $80,903.

Volunteers also provided a variety of tasks that assist the Organization with specific objectives throughout the fiscal year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

In-kind contributions are summarized as follows:

Year Ended June 30, 2023	Fair Value	Usage in Program	Donor Restriction
Space rentals	$ 8,500	Community engagement	None
Parking vouchers	2,100	Community engagement	None
School Supply Drive	10,000	Community schools	None
Total contributions of nonfinancial assets	$ 20,600		

Fair valuation techniques - In-kind contributions are valued at the donor provided amount, price that would be paid to purchase a comparable item, or current sales price of the item as sold by the donating vendor.

Note 11 - Building Rents

The Organization owns the Community Service Center building located at 50 South French Broad Avenue and leases office space to nonprofit agencies and other businesses. Lease agreements are for one year or less. A summary of net building rents is as follows:

Years Ended June 30	2023	2022
Building rents	$ 237,191	$ 259,249
Rental expenses	161,846	172,915
Depreciation	33,716	37,986
Total expenses	195,562	210,901
Building rents, net	$ 41,629	$ 48,348

Note 12 - Retirement Plan

The Organization participates in a 401(k) defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after attaining age eighteen and completing six months of service. The Organization will make a matching contribution equal to fifty percent of the employees' elective deferral up to two percent of employee compensation. The Organization will also make nonelective contributions to the Plan for eligible plan participants equal to 4% of employee compensation. Employer contributions are immediately vested.

Retirement benefit expenses under the Plan for the years ended June 30, 2023 and 2022, were $110,132 and $115,300, respectively.

Note 13 - Commitments and Contingencies

Construction Commitments

The Organization entered into a construction contract to repair and rebuild a retaining wall at the facility. As of June 30, 2023, $241,912 was spent on the project and is shown as construction in progress. The total contract is approximately $271,000, subject to change in the event of unforeseen circumstances.

Leases

The Organization leases office equipment under an operating lease agreement. Management assessed whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) during the year ended June 30, 2023, when FASB ASU 2016-02, *Leases* was adopted. Leases with a remaining term of 12 months or less, or those that are considered immaterial, are not recorded in the statement of financial position. Management has determined all remaining operating leases meet this criterion and has not recognized operating lease agreements in accordance with the new guidance. Lease expense is recognized for these leases on a straight-line basis over the lease term.

This lease requires quarterly payments of $555 and expires in June 2028. Lease expense for the years ended June 30, 2023 and 2022, was $2,152 and $7,404, respectively.

The following is a schedule of future minimum lease payments under lease agreements:

Years Ending June 30	
2024	$ 2,220
2025	2,220
2026	2,220
2027	2,220
2028	2,220
Total	$ 11,100

Note 13 - Commitments and Contingencies (continued)

Self-insured Health Plan

The Organization offered health insurance to its full-time employees through a self-insured health insurance program from October 2018 through January 2021, Management believes that any health insurance claims outstanding as of June 30, 2023 and 2022, would be immaterial.

Additionally, the Organization maintains a separate cash account to pay insurance claims that is reported as restricted cash on the accompanying statements of financial position. Cash restricted for insurance claims was $2,465 and $13,607, at June 30, 2023 and 2022, respectively.

Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and volunteers; and natural disasters. The Organization carries commercial insurance coverage for risks of loss. Claims have not exceeded coverage in any period since inception.

Government Assisted Programs

The Organization has received proceeds from governmental agencies. Periodic audits of these grants and third-party reimbursements are required and certain costs may be questioned as not being appropriate expenditures under the agreements. Such audits could result in the refund or reimbursement to the grantor or third-party agencies. Management believes that refunds or reimbursements, should any be determined, would be immaterial. No provisions have been made in the accompanying financial statements for the repayment of any grant monies or third-party reimbursements.

Note 14 - Concentrations of Credit Risk

The Organization maintains its cash balances at financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Generally, the amounts will exceed coverage limits insured by the FDIC or be partially insured.

The Organization’s investments and beneficial interest in endowment funds are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these investments and the level of uncertainty related to changes in the fair value of investments, it is at least reasonably possible that changes in the various risk factors could occur in the near term and materially affect the Organization’s financial position.

Note 15 - Income Taxes

Uncertain Tax Positions

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Open Tax Years

The Organization's Return of Organization Exempt from Income Tax (Form 990) for the years ended June 30, 2022, 2021, and 2020, are subject to examination by the IRS, generally for three years after they were filed.

Note 16 - Related Party Transactions

During the years ended June 30, 2023 and 2022, the Organization received contributions of $41,074 and $103,057, respectively, from members of the Board of Directors. Amounts during the year ended June 30, 2022, were significantly greater due to the centennial campaign and obtaining multi-year pledges.

During the years ended June 30, 2023 and 2022, the Organization paid dues in the amount of $49,627 and $76,057, to state and national affiliates.

The Organization generates contract revenue from the United Way of North Carolina for operating the 2-1-1 call center. Contract revenue totaled $582,810 and $586,110, for the years ended June 30, 2023 and 2022, respectively. Accounts receivable totaled $80,585 and $143,241, as of June 30, 2023 and 2022, respectively.

Note 17 - Subsequent Events

Management has evaluated subsequent events through November 10, 2023, which is the date the financial statements were available to be issued.

The demolition phase of the retaining wall project revealed several issues that will increase the project costs. More linear footage of the retaining wall will need to be replaced, from 150 to 300 linear feet. The estimated final cost of the project will approximate $656,000.

A contract was signed in July 2023 for a new roof at a cost of approximately $119,000.

In an effort to reduce the carbon footprint, the Organization signed a contract in November 2023 to install a solar panel system for an initial contract price of $154,200. Management's total estimated cost is approximately $192,000 and will be funded with a mix of energy rebates, in-kind gift of the panels, and the Federal Energy Tax Credit.

SUPPLEMENTARY INFORMATION

UNITED WAY OF ASHEVILLE AND BUNCOMBE COUNTY, INC.

Schedule of Building Expenses
Years Ended June 30, 2023 and 2022

	2023	2022
Salaries	$ 67,384	$ 63,882
Payroll taxes	5,051	4,750
Employee benefits	15,723	14,844
Contract labor	(57)	1,039
Occupancy and supplies	54,925	55,696
Telephone and technology	8,134	7,497
Travel and conference	1,057	3,840
Professional fees	391	123
Insurance	679	12,235
Property taxes	8,559	8,582
Miscellaneous		427
Total building expenses before depreciation	161,846	172,915
Depreciation	33,716	37,986
Total	$ 195,562	$ 210,901