

UNITED WAY OF GREENVILLE COUNTY, INC.

**FINANCIAL STATEMENTS AND REPORTS IN
ACCORDANCE WITH UNIFORM GUIDANCE**

*As of and for the Year Ended December 31, 2022
(With Summarized Comparative Information for 2021)*

And Report of Independent Auditor

UNITED WAY OF GREENVILLE COUNTY, INC.
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Report of Independent Auditor

To the Board of Directors
United Way of Greenville County, Inc.
Greenville, South Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of United Way of Greenville County, Inc. (“United Way”) a nonprofit organization, which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of United Way as of December 31, 2022, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 United Way and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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’s ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government 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 and *Government 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 the United Way's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the United Way'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

We have previously audited United Way's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 15, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our June 30, 2023 on our consideration of the United Way's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the United Way's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the United Way's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Greenville, South Carolina
June 30, 2023

UNITED WAY OF GREENVILLE COUNTY, INC.
STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022 (WITH COMPARATIVE FINANCIAL INFORMATION FOR 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,008,542	\$ 4,344,349
Pledges receivable (less allowance for uncollectible accounts of \$1,145,563 and \$1,507,320 at December 31, 2022 and 2021, respectively)	5,319,891	5,898,808
Other receivables	1,316,653	708,926
Investments	5,013,391	2,607,890
Prepaid expenses	206,006	209,097
Total Current Assets	<u>12,864,483</u>	<u>13,769,070</u>
Certificates of deposit	275,109	269,123
Endowment funds held by other organization	7,229,222	8,654,728
Cash surrender value of life insurance policies	1,106,104	1,059,195
Right-of-use assets from financing leases	25,746	-
Property and equipment, net of depreciation	2,534,295	2,646,025
Total Assets	<u>\$ 24,034,959</u>	<u>\$ 26,398,141</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 400,694	\$ 288,017
Accrued expenses	38,186	107,530
Due to designated agencies (less related portion of uncollectible pledges of approximately \$76,784 and \$136,508 in 2022 and 2021, respectively)	1,674,004	1,548,550
Funds held for others	-	15,656
Deferred revenue – cost reimbursement on designations	545,618	113,780
Long-term financing lease liabilities, current portion	5,622	-
Long-term debt, current portion	10,057	9,567
Total Current Liabilities	<u>2,674,181</u>	<u>2,083,100</u>
Long-term financing lease liabilities, net of current portion	19,712	-
Long-term debt, net of current portion	389,794	399,851
Total Liabilities	<u>3,083,687</u>	<u>2,482,951</u>
Net Assets:		
Net Assets Without Donor Restrictions	4,960,111	5,549,794
Net Assets With Donor Restrictions	15,991,161	18,365,396
Total Net Assets	<u>20,951,272</u>	<u>23,915,190</u>
Total Liabilities and Net Assets	<u>\$ 24,034,959</u>	<u>\$ 26,398,141</u>

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

UNITED WAY OF GREENVILLE COUNTY, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022 (WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Summarized Total
Revenues, Gains, and Other Support:				
Total campaign contributions	\$ 125,887	\$ 9,163,402	\$ 9,289,289	\$ 10,158,452
Less donor designations	(191,176)	(875,515)	(1,066,691)	16,457
Campaign revenue less donor designations	(65,289)	8,287,887	8,222,598	10,174,909
Provision for uncollectible pledges	-	(632,052)	(632,052)	(889,466)
Total Net Campaign Revenue	(65,289)	7,655,835	7,590,546	9,285,443
Private and government grants	2,196,918	-	2,196,918	2,730,911
Other contributions	154,269	-	154,269	197,306
Donor designation fees and other revenues	34,574	-	34,574	84,962
Investment returns, net	34,749	162,486	197,235	206,173
Gifts in kind contributions	142,064	-	142,064	31,420
Total Revenues, Gains, and Other Support	2,497,285	7,818,321	10,315,606	12,536,215
Net assets released from restrictions	8,599,786	(8,599,786)	-	-
Total Revenues, Gains, and Other Support, Net of Assets Released From Restrictions	11,097,071	(781,465)	10,315,606	12,536,215
Functional Expenses:				
Community impact	8,675,716	-	8,675,716	8,235,945
Administrative	938,115	-	938,115	726,702
Fundraising	2,072,923	-	2,072,923	2,410,337
Total Expenses	11,686,754	-	11,686,754	11,372,984
Change in net assets before net change in investment returns, net	(589,683)	(781,465)	(1,371,148)	1,163,231
Investment returns, net	-	(1,592,770)	(1,592,770)	792,678
Change in net assets	(589,683)	(2,374,235)	(2,963,918)	1,955,909
Net assets, beginning of year	5,549,794	18,365,396	23,915,190	21,959,281
Net assets, end of year	\$ 4,960,111	\$ 15,991,161	\$ 20,951,272	\$ 23,915,190

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

UNITED WAY OF GREENVILLE COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022 (WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021)

	Program Services			Totals	
	Community Impact	Supporting Services		2022	Summarized 2021
		Administrative	Fundraising		
Direct expenses	\$ 4,558,966	\$ 14,281	\$ 64,950	\$ 4,638,197	\$ 4,455,701
Salaries and services	2,090,848	491,800	1,144,103	3,726,751	4,229,289
Employee benefits and payroll taxes	517,085	121,626	282,947	921,658	976,294
Professional fees and software costs	679,602	151,781	98,131	929,514	587,826
Payments to affiliates	230,950	50,571	40,457	321,978	272,148
Events and meetings	89,521	5,960	265,116	360,597	98,240
Printing and promotional materials	11,307	407	52,283	63,997	78,258
Occupancy	77,490	18,362	14,690	110,542	110,027
Bank, merchant, and third party processor fees	31,912	9,957	8,091	49,960	54,008
Deferred giving – donor life insurance premiums	-	-	26,908	26,908	13,194
Organization and staff development	78,937	8,720	8,986	96,643	65,818
Travel – local	20,492	366	3,721	24,579	14,540
Telephone	41,707	7,732	6,186	55,625	53,596
Insurance	20,216	6,259	5,007	31,482	21,821
Membership dues	8,308	1,645	4,222	14,175	16,329
Recruiting and moving	19,044	5,184	4,147	28,375	39,358
Charitable contributions	32,418	1,788	1,681	35,887	16,700
Interest	20,337	-	-	20,337	20,718
Postage	1,630	455	5,071	7,156	8,839
Miscellaneous	24,533	3,592	6,123	34,248	42,899
Total Before Depreciation and Amortization	8,555,303	900,486	2,042,820	11,498,609	11,175,603
Depreciation and amortization	120,413	37,629	30,103	188,145	197,381
Total Functional Expenses	<u>\$ 8,675,716</u>	<u>\$ 938,115</u>	<u>\$ 2,072,923</u>	<u>\$ 11,686,754</u>	<u>\$ 11,372,984</u>

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

UNITED WAY OF GREENVILLE COUNTY, INC.
STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2022 (WITH COMPARATIVE FINANCIAL INFORMATION FOR 2021)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Changes in net assets	\$ (2,963,918)	\$ 1,955,909
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation and amortization expense	188,145	197,381
Net unrealized losses (gains) on investments	1,592,770	(792,678)
Interest expense on finance lease	85	-
Provision for bad debt	(361,757)	(153,673)
Change in operating assets and liabilities:		
Pledges receivable	940,674	957,033
Other receivables	(607,727)	567,334
Prepaid expenses	3,091	(7,953)
Accounts payable	112,677	(566,011)
Accrued expenses	(69,344)	103,333
Due to designated agencies	125,454	(1,240,149)
Funds held for others	(15,656)	(5,554)
Deferred revenue	431,838	(136,973)
Net cash flows from operating activities	<u>(623,668)</u>	<u>877,999</u>
Cash flows from investing activities:		
Net change from sales and maturities of investments	(2,625,660)	(312,960)
Purchases of property and equipment	(75,956)	(46,183)
Net cash flows from investing activities	<u>(2,701,616)</u>	<u>(359,143)</u>
Cash flows from financing activities:		
Payments on long-term debt	(9,567)	(9,102)
Payments on financing lease liabilities	(956)	-
Net cash flows from financing activities	<u>(10,523)</u>	<u>(9,102)</u>
Net change in cash and cash equivalents	(3,335,807)	509,754
Cash and cash equivalents, beginning of year	4,344,349	3,834,595
Cash and cash equivalents, end of year	<u>\$ 1,008,542</u>	<u>\$ 4,344,349</u>
Supplemental cash flow disclosures:		
Cash paid during the year for interest	<u>\$ 20,253</u>	<u>\$ 20,718</u>
Supplemental noncash activity		
Assets acquired under financing leases	<u>\$ 26,205</u>	<u>\$ -</u>

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

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

DECEMBER 31, 2022

Note 1—Nature of activities and summary of significant accounting policies

Nature of Activities – The mission of United Way of Greenville County, Inc. (“United Way”) is to mobilize people and resources to improve lives, strengthen the community, and advance equity for the benefit of all.

Basis of Presentation – The accompanying financial statements have been prepared on the accrual basis.

United Way reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor 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 restrictions and reported on the statement of activities as net assets released from restrictions.

Net assets with donor restrictions are campaign revenues and other support restricted for future years’ operations and for grants and programs restricted by grantors and donors as well as endowment funds. Earnings from the endowment funds are recorded as net assets with donor restrictions. A portion of those earnings may be appropriated by the Board of Directors (the “Board”) in accordance with spend rate in the Board-approved endowment funds spending policy.

Cash and Cash Equivalents – United Way considers all highly liquid investments with a maturity of three months or less when originally purchased to be cash equivalents. United Way maintains bank accounts covered by the Federal Deposit Insurance Corporation (“FDIC”). At times throughout the year, United Way may maintain bank account balances in excess of the FDIC insured limit. Management does not believe United Way is exposed to any significant credit risk related to cash.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments – Investments are presented in the financial statements in the aggregate at estimated fair value. Certificates of deposit are carried at the amount invested in the certificates. Endowment funds held by other organizations are recorded at fair value and represent United Way’s interest in pooled investments held at the Community Foundation of Greenville County (“Community Foundation”).

Pledges Receivable – Pledges receivable are recognized as revenues in the period received. An allowance for uncollectible pledges has been estimated based on past collection results. Pledges made that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions.

Revenue Recognition – Revenues from non-exchange transactions (contributions and grants) may be subject to conditions, in the form of both a barrier to entitlement and a refund of amounts paid (or a release from obligation to make future payments). Revenues from conditional non-exchange transactions are recognized when the condition is satisfied.

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

DECEMBER 31, 2022

Note 1—Nature of activities and summary of significant accounting policies (continued)

Property and Equipment – Property and equipment are reported at cost, if purchased, or fair value at the date of donation. United Way's policy is to capitalize property and equipment which costs \$1,000 or greater. Depreciation is computed utilizing the straight-line method over the assets' respective estimated useful lives, which is 40 years for the building and 3 to 10 years for office furniture and equipment.

Donated Materials and Services – Donated materials and services are reflected as contributions in the accompanying financial statements at their estimated fair values at the date of receipt. United Way pays for most services requiring specific expertise; however, a substantial number of volunteers have donated significant amounts of their time to assist United Way. For the year ended December 31, 2022, \$142,064 of donated materials and specialized services were recorded on the statement of activities. Donated materials are valued based on the fair value of similar materials. Donated specialized services are valued based on the standard hourly rates charges for those services. There were no donor-imposed restrictions associated with the donated materials and services. No additional amounts have been recorded for volunteer hours or other general services.

Income Taxes – 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. United Way has determined it does not have any material, unrecognized tax benefits or obligations as of December 31, 2022.

Methods Used for Allocation of Expenses Among Program and Supporting Services – The costs of the program and supporting services of United Way have been summarized on a functional basis. Accordingly, certain costs have been allocated among the program and supporting services benefited based on full-time equivalent positions or other statistical means dedicated to these functions as estimated by management.

New Accounting Pronouncements – In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under Topic 840, *Leases*. FASB also subsequently issued additional ASUs which amend and clarify Topic 842. The most significant change in the new leasing guidance is the requirement to recognize right-to-use ("ROU") assets and lease liabilities for operating leases on the balance sheet. The Company adopted these ASUs effective January 1, 2022 using the modified retrospective approach. As a result of adopting these ASUs, the Company recorded ROU assets and financing lease liabilities of approximately \$26,205. Adoption of the new standard did not materially impact the Company's net income and had no impact on cash flows.

In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires presentation of contributed nonfinancial assets as a separate line item in the statement of activities and changes in net assets, apart from contributions of cash and other financial assets. It also requires a disclosure of disaggregated contributions of nonfinancial assets by category that depicts the type of contributed nonfinancial assets. This distinction will increase transparency of contributions recognized. This standard was adopted on January 1, 2022. There was no material impact to United Way's financial statements upon adoption of this standard.

In June 2016, FASB issued ASU 2016-03, *Financial Instruments-Credit Losses*. The standard requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the income statement will reflect the measurement of credit losses for newly recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. This standard will be effective for the year ended December 31, 2023. Management is currently evaluating the impact this pending adoption will have on United Way's financial statements.

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

DECEMBER 31, 2022

Note 2—Pledges receivable

Pledges receivable represent unconditional promises to give and are usually due within one year. Pledges receivable that are collectable over future periods are discounted to their net present value. Additionally, management provides an estimate of uncollectible pledges for each campaign year. As of December 31, 2022, contributors to United Way's annual campaigns have made unconditional promises to give, of which \$5,319,891 of net receivables will be received within one year.

Note 3—Property and equipment

At December 31, 2022, property and equipment, net consist of the following:

Land	\$ 364,723
Building	3,125,044
Office furniture and equipment	<u>1,601,837</u>
	5,091,604
Less accumulated depreciation	<u>(2,557,309)</u>
	<u><u>\$ 2,534,295</u></u>

Depreciation expense for the year ended December 31, 2022 was \$187,686.

Note 4—Net assets

At December 31, 2022, net assets without donor restrictions consist of the following:

Designated by the Board:	
Community initiatives	\$ 1,670,593
Funded operating reserve	<u>1,789,787</u>
Total designated by the Board	<u>3,460,380</u>
Undesignated for general activities, net	
Investment in property and equipment, net of related debt	2,134,856
Undesignated for general activities	<u>(635,125)</u>
Undesignated for general activities, net	<u>1,499,731</u>
Total net assets without donor restrictions	<u><u>\$ 4,960,111</u></u>

United Way's deficit in undesignated net assets for general activities of \$635,125 as of December 31, 2022 is partially funded through the use of the approximately \$1,789,787 in operating reserves.

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

DECEMBER 31, 2022

Note 4—Net assets (continued)

At December 31, 2022, net assets with donor restrictions consist of the following:

Time restricted:	
2022 Campaign	\$ 7,273,484
Total time restricted funds	<u>7,273,484</u>
Purpose restricted:	
Utility support	174,199
Opportunity Center	65,000
On Track Greenville	46,870
Individual gifts	96,282
Total purpose restricted funds	<u>382,351</u>
Endowment funds and cash surrender value of life insurance policies:	
Cash surrender value of life insurance policies restricted for endowments	<u>1,106,104</u>
Endowment funds subject to spending policy:	
Corpus	7,234,789
Accumulated earnings	<u>(5,567)</u>
Total endowment funds subject to spending policy	<u>7,229,222</u>
Total endowment funds and cash surrender value of life insurance policies	<u>8,335,326</u>
Total net assets with donor restrictions	<u>\$ 15,991,161</u>

Net assets released from restrictions during the year ended December 31, 2022 consist of the following:

Satisfaction of time restriction:	
2021 Campaign	\$ 7,779,786
	<u>7,779,786</u>
Satisfaction of purpose restriction:	
On Track Greenville	610,000
Opportunity Center	85,000
Racial Equality and Economic Mobility	125,000
	<u>820,000</u>
Total net asset released	<u>\$ 8,599,786</u>

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

DECEMBER 31, 2022

Note 5—Investments

Investments are included in the following statement of financial position captions at December 31, 2022:

Certificates of deposit	\$ 275,109
Investments consisting of money market funds	5,013,391
Cash surrender value of life insurance policies	1,106,104
Endowment funds held by other organization	7,229,222
	<u>\$ 13,623,826</u>

Investment return, net is comprised of the following for the year ended December 31, 2022:

Investment return, net, included in current operations:

Interest and dividends	\$ 254,468
Investment fees	<u>(57,233)</u>
Total investment return, net, included in current operations	<u>197,235</u>

Investment return, net, included in nonoperating activities:

Unrealized losses on investments	<u>(1,592,770)</u>
Total investment return, net	<u>\$ (1,395,535)</u>

Note 6—Cash surrender value of life insurance

United Way has purchased insurance on the lives of certain donors. As beneficiary, 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 policies is \$1,106,104 at December 31, 2022.

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

DECEMBER 31, 2022

Note 7—Fair value disclosures

The following table presents the fair value measurements of financial instruments recognized in the accompanying statements of financial position measured at fair value on a recurring basis and level within the fair value hierarchy in which the fair value measurement falls at December 31, 2022:

	Fair Value at December 31, 2022	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1 Inputs)	Quoted Prices for Similar Assets and Liabilities (Level 2 Inputs)	Significant Unobservable Inputs (Level 3 Inputs)
Investments:				
Certificates of deposit	\$ 275,109	\$ -	\$ 275,109	\$ -
Money market funds	5,013,391	5,013,391	-	-
Endowment funds held by other organization	7,229,222	-	-	7,229,222
Cash surrender value of life insurance policies	1,106,104	-	-	1,106,104
Total assets at fair value	<u>\$ 13,623,826</u>	<u>\$ 5,013,391</u>	<u>\$ 275,109</u>	<u>\$ 8,335,326</u>

United Way's interest in pooled investments, which consists of endowment funds held by other organization, namely the Community Foundation, is considered by United Way to be Level 3 investments because it represents receivables to be paid from the pooled investments managed by the Community Foundation. United Way has no ownership interest in the underlying investments and the fair value of the underlying investments is used by management of the Community Foundation to determine the fair value of the payable to United Way.

Level 3 Reconciliation – The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statement of financial position using significant unobservable (Level 3) inputs:

	Endowment Funds Held by Other Organization	Cash Surrender Value of Life Insurance Policies
Balance, December 31, 2021	\$ 8,654,728	\$ 1,059,195
Contributions	51,687	-
Investment income, net of expenses	162,486	-
Unrealized gains (losses)	(1,639,679)	46,909
Distributions	-	-
Balance, December 31, 2022	<u>\$ 7,229,222</u>	<u>\$ 1,106,104</u>

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

DECEMBER 31, 2022

Note 8—Endowment funds held by other organization

The Community Foundation manages endowment funds of \$7,229,222 at December 31, 2022, from which the income is designated for United Way. Under the terms of this agreement, the Community Foundation will administer the endowment as part of its assets. United Way can utilize fund income for Board designated and endowment purposes with the approval of its Board and the Community Foundation. The Community Foundation calculates and recommends the amount of the annual distributions from the endowment by multiplying the trailing five-year average of year-end balances by 4%. Distributions shall not reduce endowment balances below 80% of the corpus value. Typically, corpus values are kept as close to 100% as possible to ensure the preservation of corpus. From time to time, the fair value of assets associated with endowment funds may fall below the value of the initial and subsequent donor gift amounts. When donor endowment deficits exist, they are classified as a reduction of purpose/time restrictions within net assets with donor restrictions. Deficits of this nature reported in net assets with donor restrictions were \$5,567 as of December 31, 2022. The corpus related to endowment funds with deficits was \$7,234,789 as of December 31, 2022. These deficits resulted from unfavorable market fluctuations. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, United Way classifies as net assets with donor restrictions held in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions held in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by United Way in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, United Way considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund,
- (2) The purposes of the organization and the donor-restricted endowment fund,
- (3) General economic conditions,
- (4) The possible effect of inflation and deflation,
- (5) The expected total return from income and the appreciation of investments,
- (6) Other resources of the organization,
- (7) The investment policies of the organization.

Changes in endowment net assets for the year ended December 31, 2022 is as follows:

	With Donor Restrictions
Endowment net assets, beginning of year	\$ 8,654,728
Contributions	51,687
Net investment return	(1,477,193)
Distributions	-
Endowment net assets, end of year	<u>\$ 7,229,222</u>

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

DECEMBER 31, 2022

Note 9—Allocations payable

United Way's Board establishes an amount of allocations to be paid to local agencies and receives funding requests from agencies the Board reviews based on certain criteria. At December 31, 2022, United Way had no outstanding allocations that were payable at year-end.

Note 10—Deferred revenue

United Way applies an administrative processing fee related to designations to recipient agencies specified by donors. The amount of the processing fees is recorded as revenue and is withheld from the amount the United Way disburses to the recipient agencies. Deferred revenue of \$545,618 at December 31, 2022 represents cost reimbursements on designations that are payable after December 31, 2022.

Note 11—Retirement plan

Effective January 1, 2019, United Way terminated its defined benefit pension plan. United Way has a Section 403(b) qualified defined contribution plan. United Way is committed to matching all of the first 4% and 50% of the next 2% of salary contributions for the thrift plan by each employee. Employer contributions to the thrift plan totaled \$197,413 in 2022.

Note 12—Long-term debt

Long-term debt consists of the following at December 31, 2022:

Mortgage	\$ 399,851
Less current maturities	<u>(10,057)</u>
Long-term debt, net of current maturities	<u><u>\$ 389,794</u></u>

On December 19, 2019, United Way entered into a mortgage with a lender in the amount of \$425,000. The mortgage accrues interest at a fixed rate of 5.00%. Monthly payments total \$2,485, including interest, with a final balloon payment of approximately \$357,000 due January 1, 2027.

The mortgage is collateralized by the building under purchase and does not contain any restrictive covenants.

The aggregate annual maturities of long-term debt for each of the five years subsequent to December 31, 2022 are as follows:

2023	\$ 10,057
2024	10,516
2025	11,109
2026	11,668
2027	<u>356,501</u>
	<u><u>\$ 399,851</u></u>

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

DECEMBER 31, 2022

Note 13—Right-of-use assets and lease liabilities

United Way leases certain equipment. United Way determines whether a contract contains a lease at inception by determining if the contract conveys the right to control the use of identified property or equipment for a period of time in exchange for consideration.

The ROU assets and lease liabilities are recognized at the commencement date based on the present value of the future minimum lease payments over the lease term. Renewal and termination clauses that are factored into the determination of the lease term if it is reasonably certain that these options would be exercised by United Way. Lease assets are amortized over the lease term unless there is a transfer of title or purchase option reasonably certain of exercise, in which case the asset life is used. In order to determine the present value of lease payments, the United Way uses the implicit rate when it is readily determinable. As most of United Way's leases do not provide an implicit rate, management uses United Way's incremental borrowing rate based on the information available at lease commencement to determine the present value of lease payments.

United Way's lease agreements do not contain any material residual value guarantees or material restrictive covenants. United Way does not have leases where it is involved with the construction or design of an underlying asset. United Way has no material obligation for leases signed but not yet commenced as of December 31, 2022. United Way does not have any material sublease activities.

Practical Expedients Elected:

- United Way elected the three transition practical expedients that permit an entity to (a) not reassess whether expired or existing contracts contain leases, (b) not reassess lease classification for existing or expired leases, and (c) not consider whether previously capitalized initial direct costs would be appropriate under the new standard.
- United Way has elected the practical expedient not to recognize leases with terms of 12 months or less on the balance sheet and instead recognize the lease payments on a straight-line basis over the term of the lease and variable lease payments in the period in which the obligation for the payments is incurred. Therefore, short-term lease expense for the period does not reflect ongoing short-term lease commitments. Lease expense for such short-term leases was not material for the year ended December 31 2022.
- United Way has elected to account for lease and non-lease components as a single component.
- United Way has elected to utilize the risk-free discount rate to calculate lease assets and liabilities.

Components of the lease are as follows:

Amortization of assets, included in depreciation and amortization	\$	459
Interest, included in interest expense		85
Net financing lease cost	<u>\$</u>	<u>544</u>
Financing cash flows from finance leases	\$	956
Right-of-use asset obtained in exchange for financing lease liability		26,205
Weighted average remaining lease term - financing leases		4.83
Weighted average discount rate - financing leases		3.82%

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

DECEMBER 31, 2022

Note 13—Right-of-use assets and lease liabilities (continued)

Future minimum lease payments as of December 31, 2022 is as follows:

<u>Years Ending December 31,</u>	
2023	\$ 5,622
2024	5,736
2025	5,736
2026	5,736
2027	4,910
	<hr/>
Total future minimum lease payments	27,740
Less imputed interest	(2,406)
	<hr/>
	<u>\$ 25,334</u>

Note 14—Related party transactions

United Way holds various deposit and investment accounts with financial institutions at which United Way Board members are employed in executive and management roles.

Note 15—Liquidity and availability of resources

United Way's liquidity management structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. For purposes of analyzing resources available to meet general expenditures over a 12-month period, United Way considers all expenditures related to its program services as well as the conduct of activities undertaken to support its program services to be general expenditures.

At December 31, 2022, financial assets available for general expenditure within one year of the statement of financial position date are as follows:

Cash and cash equivalents	\$ 1,008,542
Pledges receivable, due in one year	5,319,891
Other receivables, due in one year	1,316,653
Investments	5,013,391
	<hr/>
Financial assets at December 31, 2022	12,658,477
Less:	
Board-designated net assets	(3,460,380)
Purpose restricted net assets	(382,351)
	<hr/>
Financial assets at December 31, 2022 available for general expenditure within one year	<u>\$ 8,815,746</u>

Note 16—Subsequent events

Subsequent events have been evaluated through June 30, 2023, which is the date the financial statements were available to be issued.

COMPLIANCE

Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
United Way of Greenville County, Inc.
Greenville, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way of Greenville County, Inc. (“United Way”), a nonprofit organization, which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way’s internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Way’s internal control. Accordingly, we do not express an opinion on the effectiveness of the United Way’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the United Way's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the United Way's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Greenville, South Carolina
June 30, 2023

Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
United Way of Greenville County, Inc.
Greenville, South Carolina

Opinion on Each Major Federal Program

We have audited United Way of Greenville County, Inc.'s ("United Way") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of United Way's major federal programs for the year ended December 31, 2022. United Way's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, United Way complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of United Way and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of United Way's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to United Way's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on United Way's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about United Way's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 United Way's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of United Way's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of United Way's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cherry Bekaert LLP

Greenville, South Carolina
June 30, 2023

UNITED WAY OF GREENVILLE COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2022

Section I. Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? yes no

Identification of major programs:

<u>Federal Assistance Listing #</u>	<u>Program Name</u>
84.215J	Full-Service Community Schools Program

Dollar threshold used to distinguish between Type A and Type B Programs \$750,000

Auditee qualified as low-risk auditee? yes no

UNITED WAY OF GREENVILLE COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2022

Section II. Financial Statement Findings

None reported for the year ended December 31, 2022.

Section III. Federal Award Findings and Questioned Costs

None reported for the year ended December 31, 2022.

Section IV. Prior Year Findings

None reported for the year ended December 31, 2021.

UNITED WAY OF GREENVILLE COUNTY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2022

<u>Federal Grantor/(Pass-Through Grantor)/Program Title</u>	<u>Assistance Listing Number</u>	<u>Grant/Contact Number</u>	<u>Amounts Passed Through to Subrecipient</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education</u>				
Direct Programs:				
Full-Service Community Schools Program	84.215J	U215I200033-21	\$ -	\$ 558,946
Total U.S. Department of Education			-	558,946
<u>Corporation for National and Community Service</u>				
<i>Pass-Through from United Way Association of South Carolina</i>				
AmeriCorps	94.006	17FXHSC001	-	274,724
Total Corporation for National and Community Service			-	274,724
<u>U.S. Department of Homeland Security</u>				
<i>Pass-Through from United Way Worldwide</i>				
Emergency Food and Shelter National Board Program	97.024	N/A	12,008	21,432
Total U.S. Department of Homeland Security			12,008	21,432
<u>U.S. Department of Agriculture</u>				
<i>Pass-Through from South Carolina Department of Social Services</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	4400022736	66,000	66,000
Total U.S. Department of Agriculture			66,000	66,000
<u>U.S. Department of Treasury</u>				
Direct Programs:				
Volunteer Income Tax Assistance (VITA) Matching Grant Program	21.009	22 VITA0260	88,025	442,209
Total U.S. Department of Treasury			88,025	442,209
<u>U.S. Department of Health and Human Services</u>				
Direct Programs:				
LiveWell Greenville and the Racial Equity and Economic Mobility Commission of Greenville County	93.137	1 CPIMP221339-01-00	-	10,801
Total U.S. Department of Treasury			-	10,801
Total Expenditures of Federal Awards			\$ 166,033	\$ 1,374,112

UNITED WAY OF GREENVILLE COUNTY, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2022

Note 1—Basis of presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of United Way of Greenville County, Inc. (the “United Way”) and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

Note 2—Summary of significant accounting policies

Basis of Accounting – Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable.

Indirect Cost Rate – The United Way has elected not to use the 10% de minimum indirect cost rate as allowed under the Uniform Guidance.