UNITED WAY OF FORSYTH COUNTY, INC.

Consolidated Financial Statements

June 30, 2024 and 2023

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BUTLER BURKE LLP

CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
United Way of Forsyth County, Inc.
Winston-Salem, North Carolina

INDEPENDENT AUDITORS' REPORT

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of United Way of Forsyth County, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above presented fairly, in all material respects, the financial position of United Way of Forsyth County, Inc. as of June 30, 2024 and 2023, 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 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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of United Way of Forsyth 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Forsyth County, Inc.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated 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 consolidated 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 consolidated 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 Forsyth 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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Forsyth 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and by the office of the State Auditor, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or the consolidated 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 federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2024, on our consideration of United Way of Forsyth County, Inc.'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 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 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 United Way of Forsyth County, Inc.'s internal control over financial reporting and compliance.

Butler & Burke, LLP

Winston-Salem, North Carolina
December 11, 2024

UNITED WAY OF FORSYTH COUNTY, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2024 and 2023

	2024	2023
ASSETS		
Cash and cash equivalents	$ 517,972	$ 526,603
Promises to give, net	3,396,230	3,913,578
Contribution receivable from split-interest agreement, net	431,500	461,000
Other receivables	374,427	377,038
Investments	4,068,924	4,445,483
Beneficial interests in assets held by others	1,150,782	1,047,449
Operating lease right-of-use assets	302,306	-
Property and equipment, net	3,509	6,182
Other assets	8,489	24,354
TOTAL ASSETS	$ 10,254,139	$ 10,801,687
LIABILITIES AND NET ASSETS		
Liabilities		
Designations to agencies and other United Ways	$ 1,659,956	$ 1,493,371
Accrued expenses and other liabilities	848,711	1,187,207
Operating lease liabilities	306,960	-
Line of credit	1,300,000	-
Total Liabilities	4,115,627	2,680,578
Net Assets		
Without donor restrictions	3,642,280	5,698,725
With donor restrictions	2,496,232	2,422,384
Total Net Assets	6,138,512	8,121,109
TOTAL LIABILITIES AND NET ASSETS	$ 10,254,139	$ 10,801,687

UNITED WAY OF FORSYTH COUNTY, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Gross contributions – current campaign	$ 5,230,660	$ -	$ 5,230,660
Designations from other United Way agencies	168,743	-	168,743
Less amount recognized from prior year	(25,000)	-	(25,000)
Less donor designations	(1,028,228)	-	(1,028,228)
Contributions received for future campaigns	-	115,738	115,738
Less provision for uncollectible promises	(257,587)	-	(257,587)
Net Campaign	4,088,588	115,738	4,204,326
Other gifts and grants, net	206,009	3,768,448	3,974,457
Investment income, net	157,574	20,211	177,785
Administrative fees	81,396	-	81,396
Other Support and Revenue	444,979	3,788,659	4,233,638
Net assets released from restrictions			
Satisfaction of purpose restrictions	3,875,060	(3,875,060)	-
Satisfaction of timing restrictions	72,698	(72,698)	-
	3,947,758	(3,947,758)	-
Total Support and Revenue	8,481,325	(43,361)	8,437,964
EXPENSES			
Program Services			
Ten Year Plan	3,371,880	-	3,371,880
Other program services	5,431,109	-	5,431,109
Management and general	1,009,076	-	1,009,076
Fundraising	1,115,804	-	1,115,804
Total Expenses	10,927,869	-	10,927,869
Change in Net Assets from Operations	(2,446,544)	(43,361)	(2,489,905)
Other Changes			
Change in value of beneficial interests	-	102,243	102,243
Unrealized and realized gains on investments	199,552	14,966	214,518
Pension gain in excess of net periodic pension cost	190,547	-	190,547
CHANGE IN NET ASSETS	(2,056,445)	73,848	(1,982,597)
Net Assets, Beginning of Year	5,698,725	2,422,384	8,121,109
Net Assets, End of Year	$ 3,642,280	$ 2,496,232	$ 6,138,512

UNITED WAY OF FORSYTH COUNTY, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Gross contributions – current campaign	$ 6,876,232	$ -	$ 6,876,232
Designations from other United Way agencies	132,825	-	132,825
Less amount recognized from prior year	(50,000)	-	(50,000)
Less donor designations	(968,733)	-	(968,733)
Contributions received for future campaigns	-	150,600	150,600
Less provision for uncollectible promises	(391,000)	-	(391,000)
Net Campaign	5,599,324	150,600	5,749,924
Other gifts and grants, net	105,639	4,187,191	4,292,830
Investment income, net	151,320	20,637	171,957
Administrative fees	167,487	-	167,487
Other Support and Revenue	424,446	4,207,828	4,632,274
Net assets released from restrictions			
Satisfaction of purpose restrictions	4,471,356	(4,471,356)	-
Satisfaction of timing restrictions	121,600	(121,600)	-
	4,592,956	(4,592,956)	-
Total Support and Revenue	10,616,726	(234,528)	10,382,198
EXPENSES			
Program Services			
The Forsyth Promise	47,860	-	47,860
Ten Year Plan	3,644,418	-	3,644,418
Other program services	5,369,192	-	5,369,192
Management and general	1,241,520	-	1,241,520
Fundraising	1,153,620	-	1,153,620
Total Expenses	11,456,610	-	11,456,610
Change in Net Assets from Operations	(839,884)	(234,528)	(1,074,412)
Other Changes			
Change in value of beneficial interests	-	47,028	47,028
Unrealized and realized gains on investments	161,229	20,546	181,775
Pension gain in excess of net periodic pension cost	216,220	-	216,220
CHANGE IN NET ASSETS	(462,435)	(166,954)	(629,389)
Net Assets, Beginning of Year	6,161,160	2,589,338	8,750,498
Net Assets, End of Year	$ 5,698,725	$ 2,422,384	$ 8,121,109

UNITED WAY OF FORSYTH COUNTY, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2024

	Ten Year Plan	Other Program Services	Management and General	Fundraising	Total
Salaries	$ 800,726	$ 628,740	$ 496,344	$ 605,305	$ 2,531,115
Payroll taxes	60,916	46,733	36,123	45,444	189,216
Employee benefits	162,886	112,190	98,407	134,917	508,400
Total Salaries Related	1,024,528	787,663	630,874	785,666	3,228,731
Allocations and grants	-	3,723,351	-	-	3,723,351
Grant contract expenses	1,543,126	147,334	43	100	1,690,603
Professional fees and contract services	695,820	592,613	159,328	52,901	1,500,662
Supplies	17,157	15,545	4,710	22,072	59,484
Telephone	19,533	8,033	8,833	9,254	45,653
Postage and shipping	685	163	3,004	4,693	8,545
Travel	25,371	4,487	3,088	24,217	57,163
Advertising	114	376	19,857	484	20,831
Meetings	852	3,688	17,739	101,542	123,821
Subscriptions and professional dues	-	237	8,990	10,051	19,278
Professional development and education	560	120	2,015	1,948	4,643
Personnel recruitment and relocation	570	50	72	1,404	2,096
Equipment rental and maintenance	188	12,280	6,723	7,667	26,858
Occupancy	1,919	1,746	19,545	2,425	25,635
Lease costs	41,457	34,656	40,923	50,470	167,506
Depreciation	-	1,506	527	640	2,673
United Way dues	-	97,188	45,808	25,174	168,170
Miscellaneous	-	73	36,997	15,096	52,166
Total Expenses	$ 3,371,880	$ 5,431,109	$ 1,009,076	$ 1,115,804	$ 10,927,869

UNITED WAY OF FORSYTH COUNTY, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2023

	The Forsyth Promise	Ten Year Plan	Other Program Services	Management and General	Fundraising	Total
Salaries	$ 12,078	$ 839,899	$ 478,494	$ 644,614	$ 683,450	$ 2,658,535
Payroll taxes	924	63,694	35,666	45,280	51,013	196,577
Employee benefits	3,384	161,996	89,708	112,950	154,153	522,191
Total Salaries Related	16,386	1,065,589	603,868	802,844	888,616	3,377,303
Allocations and grants	-	-	3,853,822	-	-	3,853,822
Grant contract expenses	-	1,706,804	235,525	-	1,350	1,943,679
Professional fees and contract services	28,332	663,036	454,551	162,450	85,670	1,394,039
Supplies	745	90,654	6,375	17,394	28,432	143,600
Telephone	-	21,381	8,012	11,659	10,978	52,030
Postage and shipping	-	435	35	3,478	4,769	8,717
Travel	-	21,623	644	4,924	7,888	35,079
Advertising	-	-	7,343	45,514	3,511	56,368
Meetings	-	1,130	31,916	27,828	27,335	88,209
Subscriptions and professional dues	1,875	845	1,271	10,407	8,867	23,265
Professional development and education	65	21,132	3,734	539	1,731	27,201
Personnel recruitment and relocation	-	10	150	4,247	-	4,407
Equipment rental and maintenance	-	-	8,150	4,653	8,048	20,851
Occupancy	-	1,906	1,446	19,683	1,249	24,284
Lease costs	457	49,782	41,017	54,111	31,863	177,230
Depreciation	-	-	2,660	946	1,123	4,729
United Way dues	-	-	108,673	53,710	29,517	191,900
Miscellaneous	-	91	-	17,133	12,673	29,897
Total Expenses	$ 47,860	$ 3,644,418	$ 5,369,192	$ 1,241,520	$ 1,153,620	$ 11,456,610

UNITED WAY OF FORSYTH COUNTY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2024 and 2023

	2024	2023
OPERATING ACTIVITIES		
Change in net assets	$ (1,982,597)	$ (629,389)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	2,673	4,729
Amortization on operating leases	158,261	-
Discount amortization	(8,000)	(8,203)
Unrealized and realized gains on investments	(214,518)	(181,775)
Change in value of beneficial interests in assets held by others	(102,243)	(47,028)
Provision for uncollectible promises to give	257,587	391,000
(Increase) decrease in operating assets:		
Promises to give	259,761	230,506
Other receivables	2,611	167,280
Contribution receivable from split-interest agreement	37,500	200,203
Other assets	15,865	(4,455)
Increase (decrease) in operating liabilities:		
Designations to agencies and other United Ways	166,585	(244,600)
Accrued expenses and other liabilities	(338,496)	(134,882)
Operating lease liabilities	(153,607)	-
Contributions restricted for long-term purposes	(4,528)	(13,446)
Net Cash Used in Operating Activities	(1,903,146)	(270,060)
INVESTING ACTIVITIES		
Sales of investments	708,250	454,863
Purchases of investments	(117,173)	(1,003,779)
Beneficial interest in assets held by others		
Contributions	(4,528)	(13,446)
Distributions	3,438	57,873
Net Cash Provided by (Used in) Investing Activities	589,987	(504,489)
FINANCING ACTIVITIES		
Net change in line of credit	1,300,000	(500,000)
Contributions restricted for long-term purposes	4,528	13,446
Net Cash Provided by (Used in) Financing Activities	1,304,528	(486,554)
Change in Cash and Cash Equivalents	(8,631)	(1,261,103)
Cash and Cash Equivalents, Beginning of Year	526,603	1,787,706
Cash and Cash Equivalents, End of Year	$ 517,972	$ 526,603
SUPPLEMENTAL INFORMATION		
Interest paid	$ 21,512	$ 4,824

NOTE A: ORGANIZATION AND NATURE OF ACTIVITIES

United Way of Forsyth County, Inc. ("United Way") is a not-for-profit corporation organized under the laws of the State of North Carolina. Its purpose is to increase the organized capacity of people to care for one another. It accomplishes this purpose by providing the best possible support for local human services through its member agencies, by directing resources toward root causes of human problems, and by being inclusive of all citizens of the community.

The United Way conducts annual campaigns primarily to raise support for allocations to member agencies, program services, and general operating expenses. Donors may designate their pledges among several focus areas, agencies, or geographic locations of their choice.

In 2005, the United Way of Forsyth County Foundation (the "Foundation") was formed for the purposes of providing a resource for funds for areas of need within the community that have been identified by United Way and other charitable organizations as areas of high priority. This Foundation will also carry out fundraising activities with an emphasis on bequests and planned giving. The United Way controls the Foundation by voting for the majority of its board members. Therefore, the United Way and the Foundation are consolidated.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements of United Way have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP). 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.

> *Net assets without donor restrictions* - net assets that are not restricted by donors or for which donor-imposed restrictions have expired. If the board specifies a purpose where none has been stated, such funds are classified as board designated net assets without donor restrictions.
>
> *Net assets with donor restrictions* - net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenues are reported 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. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e. donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

The consolidated financial statements include the accounts of the United Way and the United Way of Forsyth County Foundation. All significant intercompany transactions have been eliminated.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

United Way considers all demand deposits at financial institutions and all highly liquid investments with an original maturity of three months or less to be cash equivalents. Those accounts may exceed federal insurance limits from time to time. United Way has not experienced any losses on such deposits, and does not believe the organization is exposed to a significant risk of loss.

Promises to Give

Contributions and grants (promises to give) are recognized as revenues in the period the commitment is made. United Way records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contributions and grants revenue in the statements of activities. United Way determines an allowance for uncollectible promises to give based on historical experience, an assessment of the economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions upon which they depend are substantially met.

Contribution Receivable from Split-Interest Agreement

During the year ended June 30, 2014, a donor established a Charitable Lead Annuity Trust with a third party naming the United Way as a beneficiary. Under terms of the split interest agreement, the United Way is to receive an annual distribution from the trust for 20 years. The receivable for the split-interest agreement is carried at fair value, which the United Way has estimated based on the present value of its expected future cash flows. Based on the life of the trust and a 1.86% discount rate, the fair value of the United Way's contribution receivable from the split-interest agreement was $431,500 and $461,000 at June 30, 2024 and 2023, respectively. On an annual basis, the United Way will revalue the contribution receivable based on the remaining life of the trust and current market conditions.

Accounts Receivable and Allowance for Credit Losses:

Accounts receivable are recorded at amortized cost. Amortized cost represents the original carrying amount of the financial instrument less an allowance for future credit losses. An allowance for credit losses is an estimate based upon historical account write-off trends, facts about the current financial condition of the debtor, forecasts of future operating results based on current trends, and macroeconomic factors. Credit quality is monitored through the timing of payments compared to payment terms and known facts regarding the financial condition of debtors. Accounts receivable balances are charged off against the allowance for credit losses after recovery efforts have ceased. United Way believes that an allowance for credit losses would not be significant and, therefore, was not considered necessary at June 30, 2024.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Beneficial Interests in Assets Held by Others

The United Way has established trust arrangements with the Winston-Salem Foundation (the "Foundation"), the purpose of which is to provide permanent endowments to support the future needs of the United Way. Donor contributions have been irrevocably transferred to the Foundation, who will invest the funds and make quarterly earnings distributions, to the United Way or accumulated income funds within the endowments, in amounts determined by the Foundation. The United Way has granted the Foundation variance power, the unilateral power to redirect the use of the assets, but has retained a right to the assets by specifying itself as the beneficiary. Pursuant to GAAP, these endowments have been recognized as beneficial interest in assets held by others in the accompanying consolidated statements of financial position at the current market value of the underlying investments held by the Foundation, which amounted to $1,150,782 and $1,047,449 for the years ended June 30, 2024 and 2023, respectively. However, United Way is not subject to the Uniform Prudent Management of Institutional Funds Act or the endowment disclosure requirements of FASB ASC 958-205-50 for these funds since control over the funds was relinquished to the Foundation.

The endowment funds administered by the Winston-Salem Foundation are as follows:

The Voluntary Action Center Training Endowment - This endowment was established during 1986 under an irrevocable trust agreement and is administered as a part of the Winston-Salem Foundation. The purpose of the endowment is to aid and support the training programs of the Voluntary Action Center of Forsyth County, Inc. ("VAC"), whose programs are conducted under the auspices of United Way. Under the terms of the trust agreement, VAC and the Foundation Committee may agree to distribute principal of the trust as long as the remaining fair value of the principal does not fall below $35,000. Fair value of the endowment assets was $59,456 and $56,419 for the years ended June 30, 2024 and 2023, respectively.

The United Way Joel A. Weston, Jr. Memorial Endowment - This endowment was established during 1988 under an irrevocable trust agreement and is administered as a part of the Winston-Salem Foundation. The purpose of the endowment is to fund an award for excellence in nonprofit management, dedicated to the memory of Joel A. Weston, Jr., who served as chairman of United Way's Board of Directors from 1980-1982. Under the terms of the agreement, net income from the endowment may be used to fund the award. Fair value of the endowment assets was $757,634 and $686,982 for the years ended June 30, 2024 and 2023, respectively.

The United Way Caring Shares Endowment - This endowment was established during 1989 under an irrevocable trust agreement and is administered as a part of the Winston-Salem Foundation. The purpose of the endowment is to provide funds for the welfare of the community as deemed necessary by the Board of Directors of United Way. Under the terms of the trust agreement, net income from the endowment may be used to provide funds for the welfare of the community. Fair value of the endowment assets was $333,692 and $304,048 for the years ended June 30, 2024 and 2023, respectively.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

United Way accounts for its investments in marketable securities with readily determinable fair values at their fair values in the consolidated statements of financial position. Investment income and realized and unrealized gains and losses are included in the change in net assets in the consolidated statements of activities. During the years ended June 30, 2024 and 2023, expenses of $28,849 and $29,305, respectively, relating to investment income, including custodial fees and investment advisory fees, have been netted against investment income. United Way investments, which are maintained in four separate accounts, are held by a local brokerage house. United Way has not experienced any losses on these accounts.

Property and Depreciation

Furniture and equipment additions greater than $1,000 are recorded at cost, if purchased, and at estimated fair value at the date of receipt, if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 7 years. Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred.

Lease Arrangements

Financing and operating leases are recognized as right-of-use assets with related lease liabilities in the accompanying consolidated statements of financial position. Right-of-use assets represent United Way's right to use an underlying asset for the lease term. Lease liabilities represent United Way's obligation to make lease payments arising from the lease. Right-of-use assets and related liabilities are recognized at the commencement date of the lease based on the present value of lease payments over the lease term using interest rates implicit in the lease. Absent an implicit rate in the lease, United Way uses the risk-free rate of a zero-coupon U.S. Treasury instrument.

United Way has made the accounting policy election not to separate lease components from non-lease components, but rather accounts for the components as a single lease component. United Way has also elected to apply the short-term lease exception for all classes of underlying assets to all leases with a term of one year or less. Therefore, lease assets and liabilities for these leases, if applicable, are not recorded in the consolidated statements of financial position, but rather expensed as incurred.

Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services and In-Kind Contributions

Contributions of assets other than cash are recorded at their estimated fair value. United Way reports revenue for the fair value of contributed services received where the services require specialized skills, are provided by individuals possessing these skills, and represent services that would have been purchased had they not been donated. No donated services were recognized in the accompanying consolidated financial statements for the years ended June 30, 2024 or 2023.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and personnel related expenses, which are allocated on the basis of estimates of time and effort, and office related expenses, which are allocated on a square footage basis.

Allocations and Designations

Allocations result from contributions by donors that are not specifically directed to individual organizations and agencies. These funds are allocated for distribution to various member agencies and programs based on need and other criteria deemed appropriate by the Board of Directors.

Designations result from contributions by donors that are specifically directed to organizations and agencies. These funds are distributed to the organizations net of an administrative fee.

Tax-Exempt Status

United Way and the Foundation are not-for-profit organizations and are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income tax expense is limited to activities that are deemed by the Internal Revenue Service to be unrelated to their exempt purposes.

United Way's and the Foundation's primary tax positions relate to their status as not-for-profit entities exempt from income taxes and classification of activities related to their exempt purposes. It is the opinion of management that United Way and the Foundation have no uncertain tax positions that would be subject to change upon examination.

United Way and the Foundation are required to file federal exempt organization tax returns (Form 990) annually to retain the exempt status. United Way and the Foundation are also required to file exempt organization business income tax returns (Form 990-T) for any year gross unrelated business income exceeds $1,000. United Way's and the Foundation's Form 990 filings are generally subject to examination by the Internal Revenue Service for three years after they are filed.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

United Way has evaluated its subsequent events (events occurring after June 30, 2024) through the date of this report, which represents the date the consolidated financial statements were available to be issued and determined that all significant events and disclosures are included in the consolidated financial statements.

Accounting Pronouncement Adopted in the Current Year

United Way adopted FASB ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments that are measured at amortized cost, such as accounts and loan receivables. Prior to July 1, 2023, the allowance for losses on such assets was determined based on management's estimate of probable incurred losses. United Way adopted this new guidance effective July 1, 2023, utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on United Way's financial statements.

NOTE C: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the balance sheet date, comprise the following:

	2024	2023
Cash and cash equivalents	**$ 517,972**	**$ 526,603**
Receivables	**4,202,157**	**4,751,616**
Investments	**4,068,924**	**4,445,483**
Beneficial interests in assets held by others	**1,150,782**	**1,047,449**
Total financial assets	**9,939,835**	**10,771,151**
Less those unavailable for general expenditure within one year due to:		
Purpose and timing restrictions	**(887,471)**	**(827,133)**
Perpetual endowments	**(457,979)**	**(547,802)**
Beneficial interests	**(1,150,782)**	**(1,047,449)**
Financial assets available to meet cash needs for general expenditure within one year	**$ 7,443,603**	**$ 8,348,767**

United Way has a goal to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The United Way is primarily funded through its annual campaign and other gifts and grants. This funding provides a consistent annual cash flow. Additionally, to help unanticipated liquidity needs, United Way has a $1,500,000 line of credit to draw upon, if needed.

NOTE D: FAIR VALUE MEASUREMENTS

Financial assets and liabilities required to be measured on a recurring basis (at least annually) are classified under a three-tier hierarchy. Fair value is the amount that would be received to sell an asset, or paid to settle a liability, in an orderly transaction between market participants at the measurement date.

Assets and liabilities measured at fair value are categorized depending on the observability of the inputs employed in their measurement. Level I inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are observable inputs other than quoted prices included within Level 1 for the asset or liability, such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or other inputs that can be corroborated by observable data for substantially the full term of the assets or liabilities. Level 3 inputs are unobservable for the asset or liability, including United Way’s own assumptions in determining the fair value of assets or liabilities.

NOTE D: FAIR VALUE MEASUREMENTS (CONTINUED)

Valuation techniques used in the fair value measurements need to maximize the use of observable inputs and minimize the use of unobservable inputs. A valuation method may produce a fair value measurement that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although United Way believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions could result in different fair value measurements at the reporting date.

The following is a description of the valuation methodologies used by United Way for assets and liabilities measured at fair value:

Investments: Valued at the closing price reported on the active markets on which the individual securities are traded (Level 1).

Contributions Receivable from Split-Interest Agreements: Valued by calculating the present value of the future distributions expected to be received, using published life expectancy tables and a discount rate of 1.86% (Level 3).

Beneficial Interest In Assets Held By Others: Equities and fixed income funds within the Winston-Salem Foundation (the Foundation) endowment pool are valued at the closing price reported on the active markets on which the individual securities are traded. Although the measurement is based on the unadjusted fair value of trust assets reported by the Foundation, United Way has irrevocably assigned the monies to the Foundation and is only able to redeem accumulated income that the Foundation has transferred to the grantable funds account within the endowment. Therefore, United Way considers the measurement of its beneficial interest in assets held by others to be a Level 3 measurement within the fair value hierarchy.

Pension Plan Investments: Valued at the closing price reported on the active markets on which the individual securities are traded (Level 1).

Pension Projected Benefit Obligation: Based upon actuarial assumptions, including a discount rate of 5.43% at June 30, 2024 and 5.19% at June 30, 2023 and further assumptions for retirement age, mortality rates, employee withdrawal rates, social security wage base changes, and post-retirement expense loading charges (Level 3).

NOTE D: FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, United Way's assets and liabilities measured at fair value on a recurring basis as of June 30, 2024 and 2023:

	2024				2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Investments								
Mutual Funds	$ 3,025,849	$ -	$ -	$ 3,025,849	$ 3,135,422	$ -	$ -	$ 3,135,422
Fixed income	301,290	-	-	301,290	366,421	-	-	366,421
Exchange-traded products	741,785	-	-	741,785	943,640	-	-	943,640
Total Investments	4,068,924	-	-	4,068,924	4,445,483	-	-	4,445,483
Contribution Receivable from Split-Interest Agreement	-	-	431,500	431,500	-	-	461,000	461,000
Beneficial Interest in Assets Held by Others	-	-	1,150,782	1,150,782	-	-	1,047,449	1,047,449
Pension Plan Investments								
Cash and equivalents	51,829	-	-	51,829	77,242	-	-	77,242
Equity securities	1,554,887	-	-	1,554,887	1,622,070	-	-	1,622,070
Debt securities and related instruments	984,762	-	-	984,762	875,403	-	-	875,403
Total Pension Plan Investments	2,591,478	-	-	2,591,478	2,574,715	-	-	2,574,715
Total assets at fair value	$ 6,660,402	$ -	$ 1,582,282	$ 8,242,684	$ 7,020,198	$ -	$ 1,508,449	$ 8,528,647
Liabilities:								
Pension Projected Benefit Obligation	$ -	$ -	$ 2,962,702	$ 2,962,702	$ -	$ -	$ 3,162,204	$ 3,162,204

Pension plan assets are netted with pension liabilities in the consolidated statements of financial position.

The tables below set forth a summary of changes in the fair value of the United Way's level 3 assets and liabilities for the years ended June 30, 2024 and 2023.

	2024	2023
Assets:		
Balance, beginning of year	$ 1,508,449	$ 1,697,848
Additions	4,528	13,446
Receipts from split-interest agreement	(37,500)	(200,203)
Discount amortization	8,000	8,203
Change in value	102,243	47,028
Distributions	(3,438)	(57,873)
Balance, end of year	$ 1,582,282	$ 1,508,449
Liabilities:		
Balance, beginning of year	$ 3,162,204	$ 3,370,838
Service and interest cost	157,612	144,417
Actuarial (gain)/loss	(136,885)	(129,357)
Benefits disbursed	(220,229)	(223,694)
Balance, end of year	$ 2,962,702	$ 3,162,204

NOTE E: PROMISES TO GIVE

Promises to give consist of the following at June 30, 2024 and 2023:

	2024	2023
Campaign promises to give	$ 7,445,459	$ 7,705,220
Less allowance for uncollectible promises	(4,049,229)	(3,791,642)
	$ 3,396,230	$ 3,913,578

Promises to give are expected to be collected within one year.

NOTE F: INVESTMENTS

Investments, stated at fair value, consist of the following at June 30, 2024 and 2023:

	2024	2023
Mutual funds	$ 3,025,849	$ 3,135,422
Fixed income	301,290	366,421
Exchange-traded products	741,785	943,640
	$ 4,068,924	$ 4,445,483

NOTE G: PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2024 and 2023 is as follows:

	2024	2023
Computer equipment	**$ 109,829**	**$ 109,829**
Software	**84,968**	**84,968**
Office equipment	**39,885**	**39,885**
Furniture	**25,562**	**25,562**
Other equipment	**7,572**	**7,572**
Leasehold improvements	**4,723**	**4,723**
Vehicle	**1,000**	**1,000**
	273,539	**273,539**
Less: accumulated depreciation	**(270,030)**	**(267,357)**
	$ 3,509	**$ 6,182**

Depreciation expense for the years ended June 30, 2024 and 2023 was $2,673 and $4,729, respectively.

NOTE H: LEASE OBLIGATIONS

United Way leases office space under a long-term non-cancelable operating lease arrangement. The lease, including anticipated renewal options, expires in June 2026.

Total right-of-use assets and liabilities at June 30, 2024 are classified as follows in the consolidated statement of financial position:

Lease assets -	
Operating lease right-of-use assets	**$ 302,306**
Lease liabilities -	
Operating lease liabilities	**$ 306,960**

Total lease costs for the year ended June 30, 2024 are as follows:

Operating lease costs	**$ 158,262**
Short-term lease costs	**9,244**
Total lease costs	**$ 167,506**

Short-term lease costs totaled $177,230 for the year ended June 30, 2023.

NOTE H: LEASE OBLIGATIONS (CONTINUED)

The following summarizes the weighted-average discount rate and remaining lease term as of June 30, 2024:

Weighted average discount rate	**4.83%**
Weighted average remaining lease term	**2.00 years**

Future minimum lease payments required under operating leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows at each June 30:

2025	**$ 158,215**
2026	**162,962**
Total lease payments	**321,177**
Less imputed interest	**(14,217)**
Total lease obligations	**$ 306,960**

The following summarizes cash flow information related to leases for the year ended June 30, 2024:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	**$ 153,607**
Right-of-use assets obtained in exchange for lease obligations:	
Operating lease	**$ 443,094**

NOTE I: LINE OF CREDIT

The United Way has a $1,500,000 line of credit with a bank with monthly interest only payments at an index rate plus 2.15% secured by investment securities. The outstanding amount on the line of credit at June 30, 2024 was $1,300,000. There was no outstanding amount at June 30, 2023. The line of credit matures in June 2025.

NOTE J: ENDOWMENT FUNDS

The United Way has interpreted 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, the United Way retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of gifts donated 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 funds.

In accordance with UPMIFA, the 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 various funds, (2) the purposes of the donor-restricted endowment funds, (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 United Way, and (7) the United Way's investment policies.

Endowment net assets composition by type as of June 30, 2024 and 2023 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
2024			
Donor-restricted endowment funds			
Cash and cash equivalents	$ -	$ 46,682	$ 46,682
Investments	-	411,297	411,297
	$ -	$ 457,979	$ 457,979
2023			
Donor-restricted endowment funds			
Cash and cash equivalents	$ -	$ 12,115	$ 12,115
Investments	-	535,687	535,687
	$ -	$ 547,802	$ 547,802

Funds with Deficiencies. From time to time, the fair value of the assets associated with the donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the United Way to retain as funds of perpetual duration (underwater endowments). The donor-restricted endowment funds had a deficiency of $42,021 at June 30, 2024. This deficiency resulted from an allowed invasion of principal for cash flow purposes. There were no endowment fund deficiencies as of June 30, 2023.

NOTE J: ENDOWMENT FUNDS (CONTINUED)

Investment Return Objectives, Risk Parameters and Strategies. The United Way has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve a rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix that is intended to result in a consistent rate of return that has sufficient liquidity to make an annual distribution of $25,000, while growing the fund, if possible. Investment risk is measured in terms of the total endowment funds; investment assets and allocation between asset classes and strategies are managed to not expose the funds to unacceptable levels of risk.

Spending Policy. The United Way has a policy of appropriating $25,000 for distribution each year. In establishing this policy, the United Way considered the long-term expected return on its investment assets, the nature and duration of the endowment fund, a portion of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The United Way expects the current spending policy to allow its endowment funds to grow at a rate consistent with the United Way's objective to maintain the purchasing power of the endowment assets as well as to provide additional growth through investment return.

Changes in endowment net assets during the years ended June 30, 2024 and 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
2024			
Endowment net assets, beginning of year	$ -	$ 547,802	$ 547,802
Interest and dividend income, net	-	20,211	20,211
Realized and unrealized gains	-	14,966	14,966
Amounts appropriated for expenditure	-	(125,000)	(125,000)
Endowment net assets, end of year	$ -	$ 457,979	$ 457,979
2023			
Endowment net assets, beginning of year	$ -	$ 556,619	$ 556,619
Interest and dividend income, net	-	20,637	20,637
Realized and unrealized gains	-	20,546	20,546
Amounts appropriated for expenditure	-	(50,000)	(50,000)
Endowment net assets, end of year	$ -	$ 547,802	$ 547,802

NOTE K: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30 2024 and 2023:

	2024	2023
Subject to expenditure for specified purposes:		
Split-interest agreement	$ 431,500	$ 461,000
Community services provided by United Way	322,931	276,133
	754,431	737,133
Subject to expenditure for passage of time:		
Net campaign contributions received for future periods	133,040	90,000
Endowments:		
Subject to endowment spending policy and appropriation		
Original gifts (corpus) for:		
Annual campaign contributions	500,000	500,000
Accumulated earnings (deficit) for:		
Annual campaign contributions	(42,021)	47,802
	457,979	547,802
Not subject to United Way's spending policy or appropriation:		
Beneficial interest in assets held by others	1,150,782	1,047,449
	$ 2,496,232	$ 2,422,384

NOTE L: RETIREMENT PLANS

Defined Benefit Plan

United Way has a noncontributory defined benefit retirement plan covering substantially all employees who were with the Organization prior to the plan curtailment in 2009. The plan provides defined benefits based on years of service and final average compensation. Contributions to the plan are based upon the aggregate cost method and comply with the funding requirements of the Employee Retirement Income Security Act. United Way's general policy is to fund pension costs accrued. United Way uses a June 30 measurement date to measure amounts related to its defined benefit retirement plan.

The following sets forth the funded status of the retirement plan and the amounts recognized in United Way's consolidated financial statements as of and for the years ended June 30, 2024 and 2023.

	2024	2023
Fair value of plan assets	$ 2,591,478	$ 2,574,715
Projected benefit obligation	(2,962,702)	(3,162,204)
Funded status (plan assets less benefit obligation)	$ (371,224)	$ (587,489)
Amounts recognized in the consolidated statements of financial position as accrued pension cost (asset (liability) for pension benefits)	$ (371,224)	$ (587,489)
Items not yet recognized as a component of net periodic pension cost:		
Net loss	$ 450,240	$ 640,787
Pension loss and prior service cost	$ 450,240	$ 640,787
Net periodic pension (gain) cost recognized in expense	$ 11,102	$ 46,447
Accumulated benefit obligation at end of year	$ 2,962,702	$ 3,162,204
Weighted-average assumptions used in computing ending obligations:		
Discount rate	5.43%	5.19%
Rate of compensation increase	N/A	N/A
Weighted-average assumptions used in computing net periodic pension cost:		
Discount rate	5.19%	4.56%
Rate of compensation increase	N/A	N/A
Expected long-term rate of return on plan assets	6.50%	5.50%

NOTE L: RETIREMENT PLANS (CONTINUED)

Defined Benefit Plan (Continued)

Reconciliation of items not yet reflected in net periodic pension cost:

	July 1, 2023	Reclassified as Net Periodic Pension Cost	Amounts Arising During Period	June 30, 2024
Net (gain) or loss	$ 640,787	$ -	$ (190,547)	$ 450,240

The estimated net loss and prior service costs for the defined benefit pension plan that will be recognized as net periodic benefit cost during the next fiscal year is $0.

Cash Flows for the Years Ended June 30, 2024 and 2023	2024	2023
Employer contributions	$ 36,820	$ 94,463
Pension benefits paid	220,229	223,694

United Way is expected to contribute $111,993 to the Plan during the year ended June 30, 2025 in order to have sufficient funds for plan termination. However, since this estimated contribution amount is based on the plan's asset shortfall as of the measurement date, the actual amount of contributions made during the fiscal year could be larger or smaller depending on the asset performance, actual participant benefit elections, demographic changes in the plan's population, and changes in the interest rate environment that occur between the measurement date and the date on which settlement payments are issued on behalf of participants.

The following benefit payments are expected to be paid:

2025	$ 261,927
2026	241,828
2027	238,493
2028	233,814
2029	227,180
2030-2034	1,097,259

Plan Curtailment

In November 2006, the Board of Directors approved a curtailment of the plan, which froze benefit accruals as of December 31, 2009.

NOTE L: RETIREMENT PLANS (CONTINUED)

Defined Contribution Plan

United Way also sponsors a defined contribution plan under which all employees are eligible to participate after completion of minimum service requirements. Employees may defer a portion of their compensation pursuant to Section 401(k) of the Internal Revenue Code. United Way matches 100% of each employee's contribution up to a maximum of 3% of eligible compensation. Additionally, United Way makes a profit sharing contribution equal to 5% of each eligible employee's compensation. United Way contributed $132,293 and $139,774 to the plan for the years ended June 30, 2024 and 2023, respectively.

NOTE M: COMMITMENTS AND CONTINGENCIES

Annual campaigns are conducted from September to December, principally to raise support for allocations to member agencies, program services, and general operating expenses. On June 30, 2024, the Board of Directors authorized commitments of $1,777,766 for allocations to member agencies for the period beginning July 1, 2024 through June 30, 2025. These commitments are contingent upon the results of the campaign conducted in the fall of 2024 as well as the collection success of the previous campaign.

Restricted grants require the fulfillment of certain conditions specified by the donors. Failure to fulfill the conditions could result in the return of funds to the donors. While that is a possibility, management considers the contingency remote since, by accepting the gifts and grants and their terms, management has accommodated the objectives of United Way to the donor's restrictions.

UNITED WAY OF FORSYTH COUNTY, INC.
SCHEDULE OF FEDERAL AWARDS
For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number (ALN)	Expenditures
U.S. DEPARTMENT OF VETERAN AFFAIRS:		
Direct Program-Supportive Services for Veteran Families	64.033	$ 1,715,702
Total U.S. Department of Veteran Affairs		1,715,702
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:		
Pass-through from N.C. Department of Health and Human Services and City of Winston-Salem - Emergency Shelter Grants Program	14.231	163,387
Pass-through from City of Winston-Salem - Continuum of Care Program- Rapid Rehousing Collaborative	14.267	754,333
Pass-through from City of Winston-Salem - Community Development Block Grant- Community Intake Center	14.218	75,116
Pass-through from City of Winston-Salem - Community Development Block Grant- Ten Year Plan to End Chronic Homelessness	14.218	26,700
Total U.S. Department of Housing and Urban Development		1,019,536
FEDERAL COMMUNICATIONS COMMISSION:		
Direct Program-Affordable Connectivity Outreach; Expanding ACP awareness and Enrollment in Forsyth County	32.011	31,149
Total U.S. Federal Communications Commission		31,149
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 2,766,387

NOTE A: BASIS OF PRESENTATION

The schedule of federal awards is presented on the accrual basis. The information in the 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*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B: INDIRECT COST RATE

United Way has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

BUTLER BURKE LLP

CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
United Way of Forsyth County, Inc.
Winston-Salem, North Carolina

INDEPENDENT AUDITORS' REPORT 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*

We have audited, 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, the consolidated financial statements of United Way of Forsyth County, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2024 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 11, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered United way of Forsyth County, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Way of Forsyth County, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of United Way of Forsyth County, Inc.'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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way of Forsyth County Inc.'s consolidated 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 determination of consolidated financial statement amounts. 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Butler & Burke, LLP

Winston-Salem, North Carolina
December 11, 2024

BUTLER BURKE LLP

CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
United Way of Forsyth County, Inc.
Winston-Salem, North Carolina

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited United Way of Forsyth County, Inc.'s 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 of Forsyth County, Inc.'s major federal programs for the year ended June 30, 2024. United Way of Forsyth County, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, United Way of Forsyth County, Inc. 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 June 30, 2024.

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 Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibility 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 law, statutes, regulations, rules and provisions of contracts or grant agreements applicable to United Way of Forsyth County, Inc.'s federal programs.

Auditors' 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 of Forsyth County, Inc.'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, internal 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 of Forsyth County, Inc.'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 of Forsyth County, Inc.'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 of Forsyth County, Inc.'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 of Forsyth County, Inc.'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 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 Auditors' Responsibilities for the Audit 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 considered 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.

Butler & Burke, LLP

Winston-Salem, North Carolina
December 11, 2024

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the consolidated financial statements of United Way of Forsyth County, Inc.

2. No significant deficiencies or material weaknesses relating to the audit of the consolidated financial statements are reported in the Independent Auditors' Report 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.*

3. No instances of non-compliance material to the consolidated financial statements of United Way of Forsyth County, Inc. were disclosed during the audit.

4. No significant deficiencies or material weaknesses in internal control relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.

5. The auditors' report on compliance for each major federal award program for United Way of Forsyth County, Inc. expresses an unmodified opinion.

6. There were no audit findings relative to the major federal award program for United Way of Forsyth County, Inc.

7. The programs tested as a major program were:

   Continuum of Care - Rapid Rehousing Collaborative - ALN 14.267

8. The threshold for distinguishing types A and B programs was $750,000.

9. United Way of Forsyth County, Inc. qualified as a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None