



**United Way
of Greater Union County**

**UNITED WAY OF GREATER UNION COUNTY
Financial Statements
August 31, 2022
(With Summarized Comparative Information for August 31, 2021)
With Independent Auditor's Reports**

**UNITED WAY OF GREATER UNION COUNTY
 CONTENTS TO FINANCIAL STATEMENTS
 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION
 AUGUST 31, 2022**

PAGE

Independent Auditor’s Report	1-3
Statements of Financial Position August 31, 2022 (With Summarized Comparative Information at August 31, 2021)	4
Statement of Activities For the Year Ended August 31, 2022 (With Summarized Comparative Information for the year ended August 31, 2021).....	5
Statement of Functional Expenses For the Year Ended August 31, 2022 (With Summarized Comparative Information for the year ended August 31, 2021).....	6
Statement of Cash Flows For the Year Ended August 31, 2022 (With Summarized Comparative Information for the year ended August 31, 2021).....	7
Notes to Financial Statements	8-19
Supplementary Information	
Schedule of Expenditures of Federal Awards and State Financial Assistance	20
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.....	21
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	22-23
Report on Compliance For Each Major Federal and State Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance	24-26
Schedule of Findings and Questioned Costs.....	27-28

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
United Way of Greater Union County:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of United Way of Greater Union County ("UWGUC" or "the Organization"), which comprise the statement of financial position as of August 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 accompanying financial statements present fairly, in all material respects, the financial position of UWGUC as of August 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 ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"). 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that 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 GAAS 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 GAAS 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 Organization'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 Organization'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 of Greater Union County's August 31, 2021 financial statements, and we expressed an unmodified audit opinion on the audited financial statements in our report dated September 27, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended August 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 and state financial assistance for the year ended August 31, 2022, 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 information 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 report dated May 17, 2023 on our consideration of UWGUC'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 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 UWGUC's internal control over financial reporting and compliance.

Withum Smith + Brown, PC

May 17, 2023

UNITED WAY OF GREATER UNION COUNTY
Statement of Financial Position
August 31, 2022
(With Summarized Comparative Information at August 31, 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 367,446	\$ 311,552
Restricted cash - fiduciary funds	4,000	4,000
Contributions receivable, net of allowance for uncollectible amounts of \$34,991 in 2022 and \$54,774 in 2021	205,989	208,429
Government grants receivable	1,062,835	313,805
Other receivables	9,296	8,726
Investments	597,292	711,822
Other assets	18,234	65,376
Land, building and equipment, net	24,766	3,372
Beneficial interest in perpetual trust	<u>1,395,810</u>	<u>1,770,972</u>
 Total assets	 <u>\$ 3,685,668</u>	 <u>\$ 3,398,054</u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 498,569	\$ 242,118
Distributions payable	-	19,126
Deferred revenue - government grants	594,980	177,146
Sale of building deposit	250,000	-
Designations payable	214,819	500,356
Fiduciary funds payable	4,000	4,000
Loans payable - other	487,361	150,000
Pension liabilities	<u>316,532</u>	<u>179,254</u>
Total liabilities	<u>2,366,261</u>	<u>1,272,000</u>
 Net assets (deficit):		
Without donor restrictions	(107,207)	320,584
With donor restrictions	<u>1,426,614</u>	<u>1,805,470</u>
Total net assets	<u>1,319,407</u>	<u>2,126,054</u>
 Total liabilities and net assets	 <u>\$ 3,685,668</u>	 <u>\$ 3,398,054</u>

The Notes to Financial Statements are an integral part of this statement.

UNITED WAY OF GREATER UNION COUNTY
Statement of Activities
For the Year Ended August 31, 2022
(With Summarized Comparative Information for the year ended August 31, 2021)

	2022			2021
	Without Donor Restriction	With Donor Restriction	Total	Total
Revenue:				
Regular campaign contributions/grants	\$ 959,887	\$ -	\$ 959,887	\$ 873,076
Donor designated contributions	(154,130)	-	(154,130)	(114,749)
Estimated uncollectible contributions	(61,307)	-	(61,307)	(72,000)
Campaign contributions revenue, net	<u>744,450</u>	<u>-</u>	<u>744,450</u>	<u>686,327</u>
Special events revenue	19,610	-	19,610	9,040
Less special events expense	(17,554)	-	(17,554)	(6,482)
Net special events revenue	<u>2,056</u>	<u>-</u>	<u>2,056</u>	<u>2,558</u>
Other revenue				
Interest and dividend income	49,634	-	49,634	20,824
Income distribution from perpetual trusts	69,299	-	69,299	64,878
Government grants	-	3,046,105	3,046,105	3,062,645
Other grants	56,565	60,266	116,831	225,010
Service fee revenue	16,041	-	16,041	1,226
Net assets released from restrictions:				
Government grants	3,046,105	(3,046,105)	-	-
Other grants	63,960	(63,960)	-	-
Total other revenue	<u>3,301,604</u>	<u>(3,694)</u>	<u>3,297,910</u>	<u>3,374,583</u>
Total revenue	<u>4,048,109</u>	<u>(3,694)</u>	<u>4,044,416</u>	<u>4,063,468</u>
Operating:				
Program services:				
Distributions to agencies in Greater Union County	234,534	-	234,534	131,883
Less donor designated contributions	(154,130)	-	(154,130)	(114,749)
Net distributions to agencies in Greater Union County	80,404	-	80,404	17,134
Direct program services	3,783,215	-	3,783,215	3,871,011
Total program services	<u>3,863,619</u>	<u>-</u>	<u>3,863,619</u>	<u>3,888,145</u>
Supporting services:				
General and administration	182,256	-	182,256	101,988
Fund-raising	109,994	-	109,994	81,562
Total supporting services	<u>292,250</u>	<u>-</u>	<u>292,250</u>	<u>183,550</u>
Total operating expenses	<u>4,155,869</u>	<u>-</u>	<u>4,155,869</u>	<u>4,071,695</u>
Change in net assets before nonoperating activities	<u>(107,760)</u>	<u>(3,694)</u>	<u>(111,454)</u>	<u>(8,227)</u>
Nonoperating:				
Pension related losses:				
Direct program services	119,910	-	119,910	1,789
Supporting services:				
General and administration	31,311	-	31,311	1,962
Fund-raising	19,359	-	19,359	2,427
Total pension related changes	<u>170,580</u>	<u>-</u>	<u>170,580</u>	<u>6,178</u>
Net realized and unrealized loss (gain) on investments and beneficial interest in perpetual trusts	149,451	375,162	524,613	(339,017)
Total nonoperating	<u>320,031</u>	<u>375,162</u>	<u>695,193</u>	<u>(332,839)</u>
Change in net assets	(427,791)	(378,856)	(806,647)	324,612
Net assets as of beginning of year	<u>320,584</u>	<u>1,805,470</u>	<u>2,126,054</u>	<u>1,801,442</u>
Net assets as of end of year	<u>\$ (107,207)</u>	<u>\$ 1,426,614</u>	<u>\$ 1,319,407</u>	<u>\$ 2,126,054</u>

The Notes to Financial Statements are an integral part of this statement.

UNITED WAY OF GREATER UNION COUNTY
Statement of Functional Expenses
For the Year Ended August 31, 2022
(With Summarized Comparative Information for the year ended August 31, 2021)

	2022												
	Program Services				Supporting Services							Total	2021 Total
	Family Strengthening	Government Grant Distribution	Community Investment & Impact	Total Direct Program Services	General & Administration	General Fundraising		Total Fundraising	Cost of Direct Donor Benefits		Total Supporting Services		
/Resource Development						Fundraising Communications	- Benefits		- Benefits				
Expenses													
Distributions	\$ 7,641	\$ 40,679	\$ 11,665	\$ 59,986	\$ 12,584	\$ 4,471	\$ 3,364	\$ 7,835	\$ -	\$ 20,419	\$ 80,404	\$ 17,134	
Salaries	102,743	734,813	-	837,556	49,291	17,513	13,172	30,686	-	79,977	917,533	803,889	
Fringe & Taxes	24,505	148,635	-	173,140	13,656	4,852	3,649	8,501	-	22,158	195,298	195,204	
Total Salaries & related expenses	127,248	883,448	-	1,010,696	62,948	22,365	16,822	39,187	-	102,135	1,112,831	999,093	
Consultants	95,954	401,726	9,947	507,628	74,746	25,053	18,843	43,896	-	118,642	626,270	417,296	
Transportation & Meetings	1,812	14,552	262	16,626	2,625	933	701	1,634	-	4,259	20,884	21,546	
Campaign/Communications	2,071	11,028	-	13,100	6,882	1,212	912	2,124	-	9,005	22,105	16,519	
Agency Vehicle	454	2,416	-	2,869	747	266	200	465	-	1,213	4,082	8,754	
Professional development & conferences	6	633	-	639	10	4	3	6	-	16	655	4,847	
Office Supplies	8,142	52,719	-	60,861	245	87	65	153	-	398	61,259	33,077	
Telephone	4,462	12,150	-	16,612	1,539	547	411	958	-	2,497	19,109	15,159	
Postage	127	700	-	827	209	74	56	130	-	340	1,167	2,063	
Buildings & Grounds	2,919	114,548	-	117,467	4,807	1,708	1,285	2,993	-	7,800	125,267	96,385	
Administrative printing	-	9,943	-	9,943	-	-	-	-	-	-	9,943	2,634	
Subscriptions	361	1,920	-	2,281	594	211	159	370	-	964	3,244	2,324	
Insurance	2,405	19,645	-	22,050	3,961	1,407	1,058	2,466	-	6,426	28,476	26,582	
Equipment expenses	2,504	39,044	-	41,548	4,124	1,465	1,102	2,567	-	6,691	48,239	37,676	
Computer expenses	751	16,523	586	17,859	1,236	439	1,662	2,101	-	3,337	21,197	11,002	
Legal fees	1,204	6,411	-	7,615	1,983	705	530	1,235	-	3,218	10,833	10,002	
UWW Dues	3,025	16,103	-	19,128	4,982	1,770	1,331	3,101	-	8,083	27,211	52,964	
Client assistance	137,344	1,698,687	61,866	1,897,897	6,214	2,208	1,661	3,868	-	10,082	1,907,979	2,270,938	
Other expenses	2,500	13,973	-	16,473	4,118	1,462	1,101	2,563	-	6,681	23,154	24,127	
Direct Benefit expenses	-	-	-	-	-	-	-	-	17,554	17,554	17,554	6,481	
Total Operating Expenses	393,289	3,316,168	72,661	3,782,118	181,970	61,915	47,901	109,817	17,554	309,340	4,091,459	4,059,470	
Depreciation	173	923	-	1,097	287	101	75	177	-	463	1,560	1,573	
Subtotal	393,462	3,317,092	72,661	3,783,215	182,256	62,017	47,977	109,994	17,554	309,804	4,173,423	4,078,177	
Less: Direct benefit expense netted against revenue	-	-	-	-	-	-	-	-	(17,554)	(17,554)	(17,554)	(6,482)	
Operating expenses	393,462	3,317,092	72,661	3,783,215	182,256	62,017	47,977	109,994	-	292,250	4,155,869	4,071,695	
Net periodic pension costs	18,962	100,948	-	119,910	31,311	11,096	8,264	19,359	-	50,670	170,580	6,178	
Total expenses before distributions	\$ 412,424	\$ 3,418,040	\$ 72,661	\$ 3,903,125	\$ 213,567	\$ 73,113	\$ 56,240	\$ 129,353	\$ -	\$ 342,920	\$ 4,326,450	\$ 4,077,873	

The Notes to Financial Statements are an integral part of this statement.

UNITED WAY OF GREATER UNION COUNTY
Statement of Cash Flows
For the Year Ended August 31, 2022
(With Summarized Comparative Information for the year ended August 31, 2021)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ (806,647)	\$ 324,612
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expense	1,560	1,573
Provision for uncollectible pledges	61,307	72,000
Net realized and unrealized loss (gain) on:		
Investments	149,451	(102,119)
Beneficial interest in perpetual trusts	375,162	(236,898)
Change in:		
Contributions receivable	(58,867)	(7,399)
Government grants receivable	(749,030)	322,545
Other receivables	(570)	53
Other assets	47,142	(3,635)
Accounts payable	256,451	(22,478)
Distributions payable	(19,126)	19,126
Designations payable	(285,537)	(35,251)
Deferred revenue - government grants	667,834	(447,147)
Pension liabilities	<u>137,278</u>	<u>(77,000)</u>
Net cash used in operating activities	<u>(223,592)</u>	<u>(192,018)</u>
Cash flows from investing activities:		
Proceeds from sale of short term investments	33,184	115,760
Purchases of investments	(68,105)	(119,938)
Purchases of building and equipment	<u>(22,954)</u>	<u>-</u>
Net cash used in investing activities	<u>(57,875)</u>	<u>(4,178)</u>
Cash flows from financing activities:		
Proceeds from loans payable - other	350,000	-
Repayment of loans payable - other	<u>(12,639)</u>	<u>-</u>
Net cash provided by financing activities	<u>337,361</u>	<u>-</u>
Net change in cash and cash equivalents	55,894	(196,196)
Cash and cash equivalents, at beginning of year	<u>315,552</u>	<u>511,748</u>
Cash and cash equivalents, at end of year	<u>\$ 371,446</u>	<u>\$ 315,552</u>
Supplemental disclosure of cash flow information		
Reconciliation of cash, cash equivalents and restricted cash to the statement of financial position		
Cash and cash equivalents	\$ 367,446	\$ 311,552
Restricted cash - fiduciary funds	<u>4,000</u>	<u>4,000</u>
	<u>\$ 371,446</u>	<u>\$ 315,552</u>

The Notes to Financial Statements are an integral part of this statement.

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
August 31, 2022
(With Summarized Comparative Information for the year ended August 31, 2021)

Note 1 - Summary of Significant Accounting Policies:

Nature of the Organization

United Way of Greater Union County ("UWGUC") is a New Jersey voluntary, not-for-profit organization whose principal activities are resource development, community impact and the support of voluntary health and welfare agencies which provide services in the community. UWGUC is an organization described under Section 501(c)(3) of the Internal Revenue Code and is therefore exempt from federal income taxes under Section 501(a) of the Code. UWGUC is exempt from the state income tax under similar statutes. It is governed by a volunteer Board of Trustees.

Accounting Method

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The accompanying financial statements present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of United Way of Greater Union County. These net assets may be used at the discretion of United Way of Greater Union County's management and the Board of Trustees.

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

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

Non-operating Activity

It is the policy of UWGUC to record the actuarially determined pension-related net gain or loss, and the settlement gain or loss, if any, for the UWGUC pension plan as a non-operating activity in the statement of activities. Additionally, the activity relating to the increase or decrease in the market value of investments and beneficial interest in perpetual trusts is included in non-operating activity and the net change is not allocated to functional areas. The net periodic benefit cost is reflected as an operating expense.

Revenue and Support Recognition

Contribution Revenues

UWGUC recognizes contributions and grants, including unconditional promises to give, as revenue in the year pledged or received. Conditional promises to give, that is, those with a measurable performance or other measurable barrier, and a right of return or release, are not recognized in revenue until the conditions on which they depend have been substantially met. Grants that are restricted for time or purpose are recognized in the fiscal period received and are restricted to align with the direction of the donor. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history and type of contribution. Contributions receivable are expected to be received within one year.

UWGUC accounts for government grant revenues, as conditional contributions, in the statement of activities to the extent that expenses have been incurred for the purpose specified by the grantor during the period. In applying this concept, the legal and contractual requirements of each individual program are used as guidance. Funds received in advance of incurring expenses are classified as deferred revenue - government grants in the statement of financial position. Expenses incurred that have not yet been reimbursed are recorded as government grant receivables.

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
August 31, 2022
(With Summarized Comparative Information for the year ended August 31, 2021)

Donors can choose to designate that their contributions be distributed to a specific organization or another United Way. Such contributions are referred to as donor directed contributions. The collection of these contributions and distributions to specified agencies or United Ways are transactions in which UWGUC is acting as an agent. These transactions are not reported in the statement of activities as revenue and expenses but are included in regular campaign contributions on the statement of activities and then deducted as donor designated contributions before arriving at campaign contributions revenue. Donor designations received by the United Way of Greater Union County are recorded as incoming designation revenue.

On April 21, 2021, the UWGUC issued an unsecured promissory note (the "PPP2 Loan") for \$130,000 through the Paycheck Protection Program ("PPP") established under the Consolidated Appropriations Act of 2021 and administered by the U.S. Small Business Administration ("SBA"). The PPP2 Loan is guaranteed by the SBA. The PPP2 Loan may be forgiven, in whole or in part, if UWGUC was eligible for the PPP2 Loan at the time of application, used the loan proceeds for eligible expenses within the defined 24-week period after the PPP2 Loan was disbursed ("Covered Period"), and otherwise satisfied PPP requirements.

The PPP2 Loan was made through the PNC Bank (the "Lender"), has a five-year term, bears interest at 1.00% per annum, and matures on April 20, 2026. If the PPP2 Loan is not forgiven, monthly principal and interest payments are deferred until ten months after the end of the Covered Period. The PPP2 Loan may be prepaid at any time prior to maturity with no prepayment penalties.

UWGUC concluded that the PPP2 Loan should be accounted for as a government grant. Under the provisions of ASC 958-605, the PPP2 Loan represents, in substance, a grant that is expected to be forgiven (a conditional contribution). The conditional contribution is recognized as grant income at a point in time once the conditions have been substantially met or explicitly waived; or over a period of time as it incurs qualifying PPP2 expenses. As discussed above, UWGUC believes that it is probable that it will meet the terms of forgiveness, as it began utilizing the PPP2 proceeds for eligible expenses in the current year and expects to fully utilize the PPP2 proceeds in an appropriate fashion next year. Accordingly, UWGUC recognized a proportionate amount of PPP2 grant income of \$117,614 in other grants in the accompanying statement of activities for the year ended August 31, 2021. The unexpended portion was \$12,386 and was included in grants and contract advances on the statement of financial position as of August 31, 2021. UWGUC recognized the remaining amount of PPP2 totaling \$12,386 in other grants in the accompanying statement of activities for the year ended August 31, 2022.

Although UWGUC believes it is probable that the PPP2 Loan will be forgiven, UWGUC'S application must be evaluated by the lender and SBA before forgiveness is formally granted. Therefore, there is no guarantee that any portion of the PPP Loan proceeds will be forgiven; and UWGUC is legally obligated to repay the PPP Loan until such time as legal release is received.

UWGUC submitted its PPP2 Loan forgiveness application, and the full amount of the loan was forgiven on October 26, 2021.

Prior Year Summarized Comparative Financial Information

The financial statements include certain prior year summarized comparative information. With respect to the statement of activities, such prior year information is presented in total but not by net asset class. With respect to the statement of functional expenses, comparative prior year expenses are presented by object in total rather than by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with UWGUC's financial statements for the year ended August 31, 2021, from which the summarized information was derived.

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and mature in three months or less at date of acquisition.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Net investment return (loss) is reported in the statement of activities in operating activities as interest and dividend income with realized and unrealized gains and losses included in the statement of activities as non-operating activities.

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
August 31, 2022
(With Summarized Comparative Information for the year ended August 31, 2021)

Beneficial Interest in Perpetual Trusts

UWGUC has been named as an irrevocable beneficiary of several charitable trusts held and administered by independent trustees. These trusts were created independently by donors and are administered by outside agents designated by the donors. Therefore, UWGUC has neither possession nor control over the assets of the trusts. Perpetual trusts provide for the distribution of net income of the trust; however, the assets of the trusts will not be distributable to UWGUC. Amounts recorded as beneficial interest in perpetual trusts are measured based on the fair value of assets contributed to the trusts as of August 31, 2022 and 2021. Annual distributions from the trusts are reported as investment income that increases net assets without donor restrictions, and changes in the fair value of the assets are recognized as net realized and unrealized gain (loss) on beneficial interest in perpetual trusts that increase or decrease donor restricted net assets in the statement of activities.

Land, Building and Equipment

Building and equipment are recorded at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which range from three to twenty-five years.

Expenditures for maintenance and repairs are charged to activities as incurred. Expenditures for betterments and major renewals are capitalized and, therefore, are included in property and equipment.

UWGUC reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment was required for the period presented in these financial statements.

Community Investment Funds

Total dollars available for Community Investment Funds are approved by the Finance Committee and the Board of Trustees. The Community Investment Committee has a responsibility for oversight for all awards from the Community Investment Fund.

Community Investment Funds, which are included in distributions to agencies in Greater Union County, are recorded as expenses when they are approved by the Board of Trustees and are generally payable within one year.

Deferred Revenue - Government Grants

Deferred revenue - government grants represent payments received in advance of services being rendered and is recognized when conditions are met.

Shared Expenses

United Way of Greater Union County has a shared expense arrangement where employees perform operational services for other United Ways and UWGUC is reimbursed for those services. The expenditures related to these services are recorded as an offset to expenses in the statement of functional expenses.

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The salaries of employees are allocated between program services, general and administrative and fundraising expenses based on time and effort. Other expenses related to UWGUC are programmatic in nature as they are incurred in furtherance of UWGUC's program activities.

Concentration of Credit Risk

UWGUC maintains various bank and brokerage accounts. UWGUC has significant cash balances at financial institutions which throughout the year regularly exceed the federally insured limit of \$250,000. Any loss incurred or a lack of access of such funds could have a significant adverse impact on UWGUC's financial condition, results of operations, and cash flows.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
August 31, 2022
(With Summarized Comparative Information for the year ended August 31, 2021)

UWGUC had a receivable from one grantor that comprised 57% of government grants receivable at August 31, 2022.

Donated Services

A substantial number of volunteers have donated their time to UWGUC's program services and its fund-raising and administrative functions. No amounts have been included in the accompanying financial statements for donated services since such services do not meet recognition criteria for inclusion in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Significant estimates in the financial statements include the allowance for doubtful accounts related to contributions receivable and government grants receivable and the assumptions associated with the defined benefit plan obligation. Actual results could differ from those estimates.

Income Taxes

UWGUC is a not-for-profit corporation that is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue code and New Jersey taxation codes. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements. UWGUC had no unrecognized tax benefits for the years ended August 31, 2022 and 2021. UWGUC has no income tax related penalties or interest for the periods reported in the financial statements.

Reclassification

Certain prior year amounts have been reclassified to conform to current year presentation. The reclassifications had no effect on the change in net assets previously reported.

New Accounting Pronouncements Adopted in Current Year

Gifts In-Kind

In September 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities and changes in net assets, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. UWGUC adopted and implemented this pronouncement on September 1, 2021 using the retrospective method of application. The adoption of the ASU had no material impact on the UWGUC's financial statements.

Defined Benefit Plans

In August 2018, the FASB issued ASU 2018-14, *Compensation – Retirement Benefits – Defined Benefit Plans* (Topic 715-20), which is effective for fiscal years ending after December 15, 2021, and is intended to improve the effectiveness of disclosures in the notes to financial statements, modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. The ASU requires the addition of disclosures related to the weighted average interest ceiling rates for cash balances plans and other plans with promised interest ceiling rates, an explanation of the reasons for significant gains and losses related to changes in the benefit obligation for the period, the projected benefit obligation (PBO) and fair value of plan assets for plans with PBOs in excess of plan assets and the accumulated benefit obligation (ABO) and fair value of plan assets for plans with ABOs in excess of plan assets. UWGUC adopted and implemented this pronouncement on September 1, 2021 using the retrospective method of application. The adoption of the ASU had no material impact on the UWGUC's financial statements.

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
August 31, 2022
(With Summarized Comparative Information for the year ended August 31, 2021)

Accounting Pronouncements Issued Not Yet Effective

Leases

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which requires the recognition of a “right to use” asset and a lease liability, initially measured at the present value of the lease payments, on the statement of financial position for all of UWGUC’s lease obligations. This ASU is effective for fiscal years beginning after December 15, 2021. UWGUC is currently evaluating the effect that this pronouncement will have on its financial statements and related disclosures.

Note 2 - Contributions and Government Grants Receivable:

Contributions receivable, expected to be received in the next fiscal year, consist of the following at August 31:

	<u>2022</u>	<u>2021</u>
2019-2020 Campaign	\$ -	\$ 77,732
2020-2021 Campaign	29,458	185,471
2021-2022 Campaign	<u>211,522</u>	<u>-</u>
	240,980	263,203
Less, allowance for uncollectible amounts	<u>(34,991)</u>	<u>(54,774)</u>
	<u>\$ 205,989</u>	<u>\$ 208,429</u>

Contributions receivable are unconditional promises to give by individuals, corporations and foundations, and amounts collected by third parties on behalf of UWGUC and its member agencies that have not yet been received. The carrying amount of receivables is reduced by a valuation allowance that reflects management’s best estimate of amounts that will not be collected. The allowance is based on prior years’ experience and management’s analysis of specific promises made. In addition, amounts collected by third parties on behalf of UWGUC and its member agencies are reduced by amounts deemed to be uncollectible by the third-party collector. Payments on pledges are applied to the specific pledges identified on the remittance or, if unspecified, are applied based on management’s discretion.

Included in government grants receivable are expenses incurred during the year but not paid as of the end of the year. Government grants receivable consisted of the following as of August 31:

	<u>2022</u>	<u>2021</u>
NEMA/Ryan White	\$ -	\$ 73,710
Emergency Food & Shelter	606,317	-
Union County Focus on Families	19,839	54,708
Union County Dept. of Human Services (FSP)	121,626	87,821
Union County Dept. of Human Services (CDBG)	93,838	65,097
Union County Dept. of Human Services (Rental Assistance)	3,461	12,615
State of NJ Dept of Human Services (NFP)	104,424	-
State of NJ Dept of Labor - NJ Youth Corp	<u>113,331</u>	<u>19,854</u>
	<u>\$ 1,062,835</u>	<u>\$ 313,805</u>

Note 3 - Investments:

Investments at August 31, 2022 and 2021, amounting to \$1,993,102 and \$2,482,794, respectively are stated at fair market value.

Recurring Fair Value Measurements

Pursuant to the accounting standards related to fair value measurements, UWGUC has provided fair value disclosure information for relevant assets and liabilities in these financial statements.

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
August 31, 2022
(With Summarized Comparative Information for the year ended August 31, 2021)

The following table summarizes assets (liabilities) which have been accounted for at fair value on a recurring basis as of August 31, 2022, along with the basis for the determination of fair value:

	<u>Total</u>	<u>(Level I)</u>	<u>Criteria (Level II)</u>	<u>Criteria (Level III)</u>
Fixed Income	\$ 243,242	\$ 243,242	\$ -	\$ -
Equity Securities	354,050	354,050	-	-
Beneficial Interest and Trusts	<u>1,395,810</u>	<u>-</u>	<u>-</u>	<u>1,395,810</u>
	<u>\$ 1,993,102</u>	<u>\$ 597,292</u>	<u>\$ -</u>	<u>\$ 1,395,810</u>

The following table summarizes assets (liabilities) which have been accounted for at fair value on a recurring basis as of August 31, 2021, along with the basis for the determination of fair value:

	<u>Total</u>	<u>Basis for Valuation</u> <u>Quoted Prices in</u> <u>Active Markets</u> <u>(Level I)</u>	<u>Observable</u> <u>Criteria (Level II)</u>	<u>Unobservable</u> <u>Measurement</u> <u>Criteria (Level III)</u>
Fixed Income	\$ 252,418	\$ 252,418	\$ -	\$ -
Equity Securities	459,404	459,404	-	-
Beneficial Interest and Trusts	<u>1,770,972</u>	<u>-</u>	<u>-</u>	<u>1,770,972</u>
	<u>\$ 2,482,794</u>	<u>\$ 711,822</u>	<u>\$ -</u>	<u>\$ 1,770,972</u>

Approximately 10 percent of the UWGUC total investments are held in one bond fund as of August 31, 2022. All other holdings are less than 10 percent of total investments. There were no purchases, issuances, or transfers into or out of Level III investments for the years ended August 31, 2022 and 2021.

Investment loss, exclusive of amounts received related to the perpetual interests in beneficial trusts, consists of the following for the years ended August 31:

	<u>2022</u>	<u>2021</u>
Dividends and interest	\$ 49,634	\$ 20,824
Unrealized gain/(loss)	<u>(149,451)</u>	<u>102,119</u>
	<u>\$ (99,817)</u>	<u>\$ 122,943</u>

Note 4 - Land, Building and Equipment:

Building and equipment includes the following as of August 31:

	<u>2022</u>	<u>2021</u>
Building	\$ 406,330	\$ 406,330
Leasehold Improvements	22,954	-
Equipment	339,577	339,577
Less: Accumulated depreciation	<u>(744,095)</u>	<u>(742,535)</u>
Building, and equipment, net	<u>\$ 24,766</u>	<u>\$ 3,372</u>

Depreciation expense was \$1,560 and \$1,573 for the years ended August 31, 2022 and 2021, respectively. The leasehold improvements were in progress as of August 31, 2022; therefore, no depreciation were recorded on these amounts.

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
August 31, 2022
(With Summarized Comparative Information for the year ended August 31, 2021)

Note 5 - Restrictions on Net Assets:

Restricted net assets are available for the following purposes as of August 31:

	<u>2022</u>	<u>2021</u>
Plainfield seniors programs	\$ 7,865	\$ 7,865
Women's leadership	115	115
Plainfield health initiatives	-	492
Haiti relief	6,082	2,389
Roselle collaborative	6,122	6,422
Family strengthening initiatives	2,500	2,500
Neafsy fund	7,715	7,715
Tiexiera fund	405	7,000
Total	<u>\$ 30,804</u>	<u>\$ 34,498</u>

Restricted net assets from grants were released for the following purposes as of August 31:

	<u>2022</u>	<u>2021</u>
Haiti relief	\$ 56,572	\$ 3,099
Kerry Employee Relief Fund	-	16,752
Plainfield seniors programs	-	22,135
Plainfield health initiatives	493	34,508
Union County long-term recovery grant	-	969
COVID emergency relief	-	159,409
Tiexiera fund	6,595	-
Roselle Collaborative	300	-
Government grants	3,046,105	3,062,645
Total	<u>\$ 3,110,065</u>	<u>\$ 3,299,517</u>

Restricted net assets which are permanent in nature as of August 31 and the designation of the related income are as follows:

	<u>2022</u>	<u>2021</u>
Unrestricted Purposes:		
Beneficial interest in perpetual trusts	<u>\$ 1,395,810</u>	<u>\$ 1,770,972</u>

Beneficial interest in perpetual trusts are trusts held in perpetuity by PNC Bank. The amounts held in trust are resources that are neither in the possession of nor under the management of UWGUC but are held and administered by an external fiscal agent. UWGUC receives revenues from the trusts to be used for unrestricted purposes based on annual earnings of assets. The change in fair value of trust assets was a loss of \$375,161 and a gain of \$236,898, for the years ended August 31, 2022 and 2021, respectively and is included in net realized and unrealized gain (loss) on investments and beneficial interest in perpetual trusts for the years then ended.

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
August 31, 2022
(With Summarized Comparative Information for the year ended August 31, 2021)

The following is a summary of the fair value, based on quoted market prices, of the UWGUC beneficial interest in the corpus of these trusts as of August 31:

	<u>2022</u>	<u>2021</u>
Jessie Munger	\$ 716,446	\$ 909,749
Walter L. Glenney	129,659	161,615
Grace N. and Harry H. Pond	118,913	149,632
Dorothy F. Waring	82,121	105,036
Joseph L. Snyder	348,671	444,940
Total	<u>\$ 1,395,810</u>	<u>\$ 1,770,972</u>

Note 6 - Affiliations:

UWGUC is a member of the United Way Worldwide (“UWWW”), a related organization. During 2022 and 2021, fees paid to UWWW were \$26,695 and \$55,923, respectively. In addition, \$27,238 and \$26,772 were included in accounts payable as of August 31, 2022 and 2021, respectively.

Note 7 - Pension Plan:

UWGUC has a noncontributory defined benefit pension plan covering all employees who have attained age 21 and have at least one year of service. UWGUC’s funding policy provides that payments to the pension plan shall be equal to the minimum funding requirements of the Employee Retirement Income Security Act of 1974 plus additional amounts which may be approved by UWGUC from time to time. The UWGUC Defined Benefit Pension Plan was amended effective December 31, 2010 to freeze future participation and benefit credit. As part of that amendment, there were new minimum benefits established for some employees. Accordingly, additional benefits accruing to the ‘plan’ discontinued effective January 1, 2011.

A summary of the plan’s benefit obligation at August 31 is as follows:

<i>Change in Benefit Obligation:</i>	<u>2022</u>	<u>2021</u>
Benefit obligation at beginning of year	\$ 871,268	\$ 804,311
Interest cost	47,752	44,256
Actuarial loss/(gain)	(1,231)	37,941
Benefits paid	<u>(5,635)</u>	<u>(15,240)</u>
Benefit Obligation at end of year	<u>\$ 912,154</u>	<u>\$ 871,268</u>
<i>Change in Plan Assets:</i>	<u>2022</u>	<u>2021</u>
Fair value of plan assets at beginning of year	\$ 692,014	\$ 548,057
Actual return on plan assets	(102,756)	103,197
Employer contributions	12,000	56,000
Benefits paid	<u>(5,635)</u>	<u>(15,240)</u>
	<u>\$ 595,623</u>	<u>\$ 692,014</u>
<i>Benefit Obligation:</i>	<u>2022</u>	<u>2021</u>
Projected Benefit Obligation	\$ 912,154	\$ 871,268
Fair Value of plan assets	<u>595,622</u>	<u>692,014</u>
Funded status recognized in the statement of financial position as a pension liability	<u>\$ (316,532)</u>	<u>\$ (179,254)</u>

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
August 31, 2022
(With Summarized Comparative Information for the year ended August 31, 2021)

The components of net periodic benefit cost reflected in the statement of activities were as follows for the years ended August 31:

Net Periodic Pension Costs:	<u>2022</u>	<u>2021</u>
Interest Cost	\$ 47,752	\$ 44,256
Prior Service Costs	-	51
Amortization of loss	37,034	45,555
Expected Return on Assets	<u>(55,637)</u>	<u>(45,611)</u>
Total net periodic costs	<u>\$ 29,149</u>	<u>\$ 44,251</u>

Assumptions are as follows as of August 31:

	<u>2022</u>	<u>2021</u>
Measurement date	8/31/2022	8/31/2021
Discount rate	5.50%	5.50%
Rate of increase in compensation level	0.00%	0.00%
Expected long-term rate of return on plan assets	8.00%	8.00%

Non-operating pension related changes:		
Net change in net assets of plan	\$ 141,431	\$ (38,073)
Net periodic pension costs	<u>29,149</u>	<u>44,251</u>
Total non-operating	<u>\$ 170,580</u>	<u>\$ 6,178</u>

No plan assets are expected to be returned to the employer during the September 1, 2022 to August 31, 2023 fiscal year.

Expected amount of contributions to the plan during the next fiscal year are approximately \$26,300.

The following table discloses the amount of benefits expected to be paid in future years as of August 31, 2022:

2023	\$ 12,733
2024	\$ 13,305
2025	\$ 39,963
2026	\$ 39,436
2027	\$ 72,071
2028-2032	\$ 354,314

Plan assets comprise the following as of August 31:

	<u>2022</u>	<u>2021</u>
Cash	\$ 27,923	\$ 18,317
Equity-funds	442,192	524,062
Fixed income	<u>125,508</u>	<u>149,635</u>
Total	<u>\$ 595,623</u>	<u>\$ 692,014</u>

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
August 31, 2022
(With Summarized Comparative Information for the year ended August 31, 2021)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. PNC Institutional Asset Management has been contracted to provide investment management services for the pension plan assets. The amounts maintained under the contract shall be managed as a balanced fund and shall be diversified among and with principal classes of investment. The plan assets are managed with a long-term asset mix guideline of 60 percent equity alternatives and 40 percent in the general account. Also, plan assets are managed on a total return basis.

A Defined Contribution Plan 401(k) plan superseded the Defined Benefit Plan effective January 1, 2011. Amounts equal to 3 percent of gross salaries for employees for up to 5 years of service and 6 percent of gross salaries for employees with 5 or more years of service will be contributed by the employer at their discretion. Eligible employees may elect to make voluntary salary deferrals to their respective 401(k) account. UWGUC contributed \$23,303 and \$18,193 during the years ended August 31, 2022 and 2021, respectively.

Note 8 - Line of Credit:

In April 2020, UWGUC entered into a \$125,000 revolving line of credit with Bank of America for seasonal operating needs. The line provides for interest at the bank's prime rate (prime as of August 31, 2022 and 2021 was 3.25 percent) plus 1.25 percent. There was no outstanding balance as of August 31, 2022 and 2021. The line of credit is due on demand and is collateralized by all assets of UWGUC and has a maturity date of January 15, 2024.

Note 9 - Designations Payable:

At August 31, 2022 and 2021, UWGUC, acting as an intermediary organization, had \$214,819 and \$500,356, respectively in unspent contributions received on behalf of other United Ways and agencies.

Note 10 - Fiduciary Funds Payable/Restricted Cash:

UWGUC is acting as an intermediary for the donor and has no discretion concerning the use of the assets transferred.

Note 11 - Administrative Cost Ratio (Unaudited):

UWGUC calculates the ratio of support services to total revenue using the data on IRS Form 990. This form is readily accessible and universally used to calculate the ratio for a nonprofit organization. The calculation method utilized is as follows:

	<u>2022</u>	<u>2021</u>
From 990 line 25, fundraising	\$ 126,898	\$ 86,266
From 990 line 25, mgmt & general	<u>177,700</u>	<u>100,507</u>
Total supporting service	<u>\$ 304,597</u>	<u>\$ 186,773</u>
Total revenue & support (990, Line 12)	<u>\$ 4,218,955</u>	<u>\$ 4,178,122</u>
Administrative cost ratio	7.2%	4.5%

Note 12 - Distributions Payable:

This Board approved total program allocations of approximately \$-0- and \$19,126 for the years ended August 31, 2022 and 2021, respectively, which are included in distributions payable.

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
August 31, 2022
(With Summarized Comparative Information for the year ended August 31, 2021)

Note 13 – Loan Payable:

During fiscal 2020, UWGUC issued a promissory note to the U.S. Small Business Administration for a secured disaster loan in the amount of \$150,000. The annual interest rate is 2.75 percent and has a maturity date of June 13, 2050. UWGUC may prepay the note in part or full at any time, without notice or penalty. UWGUC is required to pay principal and interest payments of \$641 every month beginning twelve months from the date of the note with the remaining principal and accrued interest due and payable thirty (30) years from the date of the note. During fiscal year 2022, the Small Business Administration extended deferment periods for all disaster loans from twenty-four to thirty months from the effective date of the note.

On December 21, 2021, UWGUC was approved for and received a modification to the above loan. This modification increased the loan amount from \$150,000 to \$500,000. Interest rate remains at 2.75 percent and the maturity date remains unchanged. UWGUC may prepay the note in part or in full at any time, without penalty or notice. UWGUC is required to pay principal and interest payments of \$2,155 every month beginning after the thirty-month deferment period. The outstanding balance at August 31, 2022 and 2021 was \$487,361 and \$150,000, respectively.

Future maturities of the loan as of August 31 are as follows:

2023	\$	12,462
2024		12,838
2025		13,196
2026		13,594
2027		13,973
Thereafter		421,298
	\$	<u>487,361</u>

Note 14 – Commitments and Contingencies:

On September 14, 2021, UWGUC entered into a contract for sale of its building for a price of \$1,200,000. The closing has been delayed and assigned to a new purchaser. UWGUC has received deposits towards the sales price totaling \$250,000. The modified anticipated closing date is December 15, 2023.

UNITED WAY OF GREATER UNION COUNTY
Notes to Financial Statements
August 31, 2022
(With Summarized Comparative Information for the year ended August 31, 2021)

Note 15 - Liquidity and Availability of Resources:

As of August 31, United Way of Greater Union County's liquidity resources and financial assets available within one year for general expenditures, such as operating expenses, were as follows:

Financial assets	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 367,446	\$ 311,552
Contributions receivable, net	205,989	208,429
Government grants receivable	1,062,835	313,805
Other receivables	9,296	8,726
Investments	<u>597,292</u>	<u>711,822</u>
	2,242,859	1,554,334
Less: Amounts not available within one year of general expenditures		
Net assets with donor restrictions	(30,803)	(34,498)
Designations payable	(214,819)	(500,356)
Distributions payable	-	(19,126)
Loan repayments	(12,462)	-
Liquidity resources		
Undrawn line of credit	<u>125,000</u>	<u>125,000</u>
Financial assets and liquidity resources available to meet general expenditures within one year	<u>\$ 2,109,775</u>	<u>\$ 1,125,354</u>

United Way of Greater Union County regularly monitors liquidity required to meet its operating needs and commitments. United Way of Greater Union County's cash flows fluctuate during the year attributable to the timing of program operations and collection of funds from donors and grantors.

Note 16 - Subsequent Events:

UWGUC has evaluated subsequent events occurring after the statement of financial position date through the date of May 17, 2023, which is the date the financial statements were available to be issued. UWGUC had no subsequent events which required adjustment to or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

UNITED WAY OF GREATER UNION COUNTY
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended August 31, 2022

<u>Grantor/Pass-through/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass Through Grant Number</u>	<u>Grant Period</u>	<u>Amounts Provided to Subrecipients</u>	<u>Expenditures</u>	
Federal Awards						
US Department of Health and Human Services						
Passed-through State of NJ Dept of Human Services						
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	21EHXP-NFP	9/1/2020 - 6/30/2022	\$ 506,648	\$ 531,444	
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	23EHXP-NFP	7/1/2022 - 6/30/2023	96,918	102,175	
				<u>603,566</u>	<u>633,619</u>	
Ryan White HIV/AIDS Program	93.924	N/A	3/1/2021 - 2/28/2022	-	133,489	
Ryan White HIV/AIDS Program	93.924	N/A	3/1/2022 - 2/28/2023	-	104,873	
Subtotal - US Department of Health and Human Services				<u>-</u>	<u>238,362</u>	
US Department of Housing and Urban Development						
Passed-through County of Union, New Jersey						
Community Development Block Grant	14.218	D-112-56-8189-321-919	9/1/2021 - 8/31/2022	130,000	150,000	
US Department of the Treasury						
Passed-through County of Union, New Jersey						
Emergency Rental Assistance Program	21.023	N/A	9/14/2021 - 12/31/2021	-	34,420	
US Small Business Administration						
Disaster Assistance Loans	59.008	N/A	N/A	-	350,000	
US Department of Homeland Security						
Federal Emergency Management Agency						
Passed-through United Way Worldwide						
Emergency Food and Shelter Program (Phase 38)	97.024	38-6034-00	4/1/2021 - 10/31/2021	-	136,004	
Emergency Food and Shelter Program (Phase 39)	97.024	39-6034-00	11/1/2021 - 4/30/2023	-	217,915	
COVID-19 Emergency Food and Shelter Program (CARES SSA)	97.024	CARES-6034-00 (CARES Set Aside)	1/27/2020 - 10/31/2021	-	26,332	
COVID-19 Emergency Food and Shelter Program (CARES)	97.024	CARES-6034-00 (CARES Act via County)	5/29/2020 - 10/31/2021	-	27,475	
COVID-19 Emergency Food and Shelter Program (ARPA-R)	97.024	ARPAR-6034-00	11/1/2021 - 4/30/2023	-	333,865	
Subtotal - US Department of Homeland Security				<u>-</u>	<u>741,591</u>	
US Department of Labor						
Passed-through NJ Dept of Labor and Workforce Development						
WIOA Youth Activities	17.259	YC-FY2022	7/1/2021 - 6/30/2022	-	212,268	
WIOA Youth Activities	17.259	YC-FY2023	7/1/2022 - 6/30/2023	-	54,074	
Subtotal - US Department of Labor				<u>-</u>	<u>266,342</u>	
Total Federal Awards				<u>733,566</u>	<u>2,414,334</u>	
State Financial Assistance						
		<u>Grant Number</u>	<u>Grant Period</u>	<u>Amounts Provided to Subrecipients</u>	<u>Expenditures</u>	<u>Expenditures Life of Contract</u>
State of New Jersey Department of Children and Families						
Family Success Center		21EEXP-FSC	9/1/2021 - 6/30/2022	-	237,932	237,932
State of NJ Department of Human Services						
Nurses Family Partnership		21EHXP-NFP	9/1/2020 - 6/30/2022	61,081	62,929	112,574
State of New Jersey Department of Labor and Workforce Development						
NJ Youth Corp.		YC-FY2022	7/1/2021 - 6/30/2022	-	164,695	164,695
Total State Financial Assistance				<u>61,081</u>	<u>465,556</u>	<u>515,201</u>
Total Federal Awards and State Financial Assistance				<u>\$ 794,647</u>	<u>\$ 2,879,890</u>	<u>\$ 515,201</u>

See Independent Auditor's Report.

See accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

UNITED WAY OF GREATER UNION COUNTY
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
August 31, 2022

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of United Way of Greater Union County ("UWGUC") for the year ended August 31, 2022. 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") and the State of New Jersey, Department of the Treasury, Office of Management and Budget Policy Circular 15-08-OMB ("NJ 15-08-OMB"). Because the schedule of expenditures of federal awards and state financial assistance presents only a selected portion of the operations of UWGUC, it is not intended to and does not present the financial position, changes in net assets, or cash flows of UWGUC.

2. Summary of Significant Accounting Policies

Expenditures reported on the schedule of expenditures of federal awards and state financial assistance are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and NJ 15-08-OMB, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

3. Indirect Costs

UWGUC does not have a federally negotiated indirect cost rate and has not elected to use the 10 percent de minimus cost rate as covered in section 200.414 in the Uniform Guidance.

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
United Way of Greater Union County:

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 ("*Government Auditing Standards*"), the financial statements of United Way of Greater Union County ("UWGUC"), which comprise the statement of financial position as of August 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 May 17, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered UWGUC'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 UWGUC's internal control. Accordingly, we do not express an opinion on the effectiveness of UWGUC'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 UWGUC'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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether UWGUC'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 UWGUC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UWGUC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Withum Smith + Brown, PC

May 17, 2023

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
United Way of Greater Union County:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited United Way of Greater Union County, Inc.'s ("UWGUC") compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget ("OMB") *Compliance Supplement* that could have a direct and material effect on each of UWGUC's major federal programs for the year ended August 31, 2022. UWGUC'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, UWGUC complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 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 ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); 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 the UWGUC 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 provide a legal determination of the UWGUC'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 the UWGUC'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 the UWGUC'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 GAAS, *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 the UWGUC's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 the UWGUC'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 the UWGUC'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 the UWGUC'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.

Withum Smith & Brown, PC

May 17, 2023

UNITED WAY OF GREATER UNION COUNTY
Schedule of Findings and Questioned Costs
Year Ended August 31, 2022

Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	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 200.516(a)?	No
Identification of major federal programs:	

	Assistance <u>Listing Number</u>	<u>Expenditures</u>
US Department of Homeland Security Federal Emergency Management Agency Passed Through United Way Worldwide Emergency Food and Shelter Program	97.024	\$ <u>741,591</u>
US Dept of Health and Human Services State of NJ Department of Human Services Maternal, Infant and Early Childhood Home Visiting Grant	93.870	\$ <u>633,619</u>

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section 2 - Financial Statement Findings

None reported.

**UNITED WAY OF GREATER UNION COUNTY
Schedule of Findings and Questioned Costs
Year Ended August 31, 2022**

Section 3 – Major Federal Award Findings and Questioned Costs

None to report.

Section 4 - Schedule of Prior Year Findings

None to report.