

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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AUDITED FINANCIAL STATEMENTS

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January 18, 2023

To the Board of Directors and Management of
The United Way of Northeast Louisiana, Inc.
Monroe, Louisiana 71201

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of United Way of Northeast Louisiana, Inc., Inc. (a Louisiana corporation), which comprise the balance sheets as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The United Way of Northeast Louisiana, Inc., Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The United Way of Northeast Louisiana, Inc., Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The United Way of Northeast Louisiana, Inc., Inc.'s ability to continue as a going concern within 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The United Way of Northeast Louisiana, Inc., Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The United Way of Northeast Louisiana, Inc., 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.

Heard, McElroy & Vestal, LLC

Monroe, Louisiana

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	1,744,182	1,547,456
Investments	584,156	583,766
Pledges receivable, less allowances for uncollectibles of \$349,731 and \$246,087, respectively	1,237,463	1,045,909
Receivables - third party processors	4,014	238,367
Other receivables	112,225	53,998
Prepayments & deposits	8,463	8,105
Property and equipment, less accumulated depreciation of \$945,994 and \$916,472, respectively	<u>271,393</u>	<u>281,403</u>
Total assets	<u><u>3,961,896</u></u>	<u><u>3,759,004</u></u>
 <u>LIABILITIES AND NET ASSETS</u> 		
<u>Liabilities:</u>		
Agency program support payable	355,752	305,813
Donor designations payable	86,160	387,928
Accounts payable	7,712	24,281
Accrued liabilities	97,370	97,683
Refundable advances	162,269	120,982
Total liabilities	<u>709,263</u>	<u>936,687</u>
 <u>Net assets:</u>		
Net assets without donor restrictions	1,834,370	1,532,828
Net assets with donor restrictions:		
Cash restricted for local disaster recovery	12,193	24,095
Cash restricted for homeless response	3,974	15,880
Annual campaign pledges	1,402,096	1,249,514
Total net assets with donor restrictions	<u>1,418,263</u>	<u>1,289,489</u>
 Total net assets	 <u>3,252,633</u>	 <u>2,822,317</u>
 Total liabilities & net assets	 <u><u>3,961,896</u></u>	 <u><u>3,759,004</u></u>

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

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions			Total
	Undesignated	Annual Campaign Pledges	Local Disaster Response	Homeless Response	
Public support and revenue:					
Gross campaign results	-	3,043,194	-	-	3,043,194
Campaign previously reported	-	(28,436)	-	-	(28,436)
Campaign for future years	-	27,037	-	-	27,037
Donor designations	-	(76,130)	-	-	(76,130)
Provision for uncollectible pledges	-	(213,024)	-	-	(213,024)
Net campaign revenue	-	2,752,641	-	-	2,752,641
Additional pledges	63,519	-	-	-	63,519
Contributed goods and services	10,839	-	-	-	10,839
Grants and other income	959,299	-	110,914	50	1,070,263
Other gains (losses)	161,020	-	-	-	161,020
Investment income	8,837	-	-	-	8,837
Total	1,203,514	2,752,641	110,914	50	4,067,119
Net assets released from restriction					
Satisfaction of purpose restrictions	2,734,831	(2,600,059)	(122,816)	(11,956)	-
Total public support and revenues	3,938,345	152,582	(11,902)	(11,906)	4,067,119
Expenses:					
Program services					
Gross Funds Awarded/Distributed	1,155,935	-	-	-	1,155,935
Less: donor designations	(76,130)	-	-	-	(76,130)
Net allocations granted to agency programs	1,079,805	-	-	-	1,079,805
United Way 211	183,584	-	-	-	183,584
LAUW-211	719,677	-	-	-	719,677
Community impact	503,753	-	-	-	503,753
COVID-19 response	1,583	-	-	-	1,583
Local disaster response and recovery	122,816	-	-	-	122,816
Front door to housing	92,652	-	-	-	92,652
Total program services	2,703,870	-	-	-	2,703,870
Support services					
Organizational administration	358,881	-	-	-	358,881
Fundraising	574,052	-	-	-	574,052
Total support services	932,933	-	-	-	932,933
Total expenses	3,636,803	-	-	-	3,636,803
Change in net assets	301,542	152,582	(11,902)	(11,906)	430,316
Net assets, beginning of year	1,532,828	1,249,514	24,095	15,880	2,822,317
Net assets, end of year	1,834,370	1,402,096	12,193	3,974	3,252,633

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

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor	With Donor Restrictions				Total
	Restrictions	Annual	Local	Homeless	COVID 19	
	Undesignated	Campaign Pledges	Disaster Response	Response	Response	
Public support and revenue:						
Gross campaign results	-	3,244,439	-	-	-	3,244,439
Campaign previously reported	-	(19,149)	-	-	-	(19,149)
Campaign for future years	-	28,436	-	-	-	28,436
Donor designations	-	(571,251)	-	-	-	(571,251)
Provision for Uncollectible pledges	-	(227,111)	-	-	-	(227,111)
Net campaign revenue	-	2,455,364	-	-	-	2,455,364
Additional pledges	45,331	-	-	-	-	45,331
Contributed goods and services	9,000	-	-	-	-	9,000
Grants and other income	972,972	-	38,850	-	9,959	1,021,781
PPP loan forgiveness income	89,300	-	-	-	-	89,300
Other gains (losses)	(15,524)	-	-	-	-	(15,524)
Investment income	9,717	-	-	-	-	9,717
Sponsorships	25,000	-	-	-	-	25,000
Total	1,135,796	2,455,364	38,850	-	9,959	3,639,969
Net assets released from restriction						
Satisfaction of purpose restrictions	2,880,473	(2,645,490)	(93,677)	(9,839)	(131,467)	-
Total public support and revenues	4,016,269	(190,126)	(54,827)	(9,839)	(121,508)	3,639,969
Expenses:						
Program services						
Gross funds awarded/distributed	1,637,580	-	-	-	-	1,637,580
Less: donor designations	(571,251)	-	-	-	-	(571,251)
Net allocations granted to agency programs	1,066,329	-	-	-	-	1,066,329
United Way 211	185,821	-	-	-	-	185,821
LAUW-211	858,617	-	-	-	-	858,617
Community impact	441,797	-	-	-	-	441,797
COVID-19 response	131,467	-	-	-	-	131,467
Local tornado response and recovery	89,360	-	-	-	-	89,360
Front door to housing	70,065	-	-	-	-	70,065
Total program services	2,843,456	-	-	-	-	2,843,456
Support Services						
Organizational administration	322,896	-	-	-	-	322,896
Fundraising	472,859	-	-	-	-	472,859
Total support services	795,755	-	-	-	-	795,755
Total expenses	3,639,211	-	-	-	-	3,639,211
Change in net assets	377,058	(190,126)	(54,827)	(9,839)	(121,508)	758
Net assets, beginning of year	1,155,770	1,439,640	78,922	25,719	121,508	2,821,559
Net assets, end of year	1,532,828	1,249,514	24,095	15,880	-	2,822,317

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

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2022

	Program Services							Support Services			Total Expenses	
	Allocation Services	United Way 2-1-1	LAUW - 2-1-1	Community Impact	Front Door to Housing	Local Disaster Response	COVID 19 Programs	Total	Organizational Administration	Fundraising Campaign		Total
Allocation/awards	1,155,935	-	-	-	-	-	-	1,155,935	-	-	-	1,155,935
Less: donor designations	(76,130)	-	-	-	-	-	-	(76,130)	-	-	-	(76,130)
Sub-total	1,079,805	-	-	-	-	-	-	1,079,805	-	-	-	1,079,805
Salaries	-	90,011	528,224	289,611	-	-	-	907,846	165,170	308,567	473,737	1,381,583
Hospitalization insurance	-	16,035	44,799	47,343	-	-	-	108,177	15,439	31,624	47,063	155,240
Other payroll expenses	-	29,717	68,284	45,343	-	-	-	143,344	21,521	40,915	62,436	205,780
Total salaries and related expenses	-	135,763	641,307	382,297	-	-	-	1,159,367	202,130	381,106	583,236	1,742,603
Auto	-	1,008	-	8,223	-	-	-	9,231	4,720	16,037	20,757	29,988
Awards, recognition banquet	-	-	-	-	-	-	-	-	-	18,821	18,821	18,821
Bank charges	-	-	-	-	-	-	-	-	915	3,143	4,058	4,058
Building and property maintenance	-	2,225	-	4,063	-	-	-	6,288	3,239	2,658	5,897	12,185
Campaign events	-	-	-	-	-	-	-	-	-	1,186	1,186	1,186
Campaign supplies	-	-	-	-	-	-	-	-	-	10,743	10,743	10,743
Community meetings	-	-	-	30	-	-	-	30	4,059	950	5,009	5,039
Dues, memberships and subscriptions	-	12,478	200	9,798	-	-	-	22,476	8,277	327	8,604	31,080
Equipment	-	1,643	-	1,688	-	-	-	3,331	2,718	15,428	18,146	21,477
Community impact program expenses	-	-	-	13,816	-	-	-	13,816	-	-	-	13,816
Insurance	-	970	-	1,816	-	-	-	2,786	4,424	1,238	5,662	8,448
Janitorial	-	1,112	-	2,911	-	-	-	4,023	1,728	2,220	3,948	7,971
Leadership giving recognition	-	-	-	-	-	-	-	-	-	566	566	566
Marketing	-	838	-	26,718	-	-	-	27,556	3,550	55,831	59,381	86,937
Meetings and lunches	-	4	135	12	-	-	-	151	2,062	555	2,617	2,768
Office rent	-	-	-	4,848	-	-	-	4,848	3,168	6,384	9,552	14,400
Office supplies	-	2,345	965	4,851	-	-	-	8,161	9,089	11,179	20,268	28,429
Postage	-	-	14	14	-	-	-	28	343	2,586	2,929	2,957
Professional fees	-	3,356	-	6,070	-	-	-	9,426	86,778	7,959	94,737	104,163
Specific assistance	-	-	-	-	92,652	122,816	1,583	217,051	-	-	-	217,051
Telephone and internet	-	3,279	66,077	8,234	-	-	-	77,590	5,681	7,642	13,323	90,913
Travel, education and training	-	-	351	356	-	-	-	707	-	265	265	972
Utilities	-	3,018	-	5,931	-	-	-	8,949	4,068	4,040	8,108	17,057
United Way worldwide dues	-	10,231	-	22,077	-	-	-	32,308	4,846	16,693	21,539	53,847
Depreciation expense	-	5,314	10,628	-	-	-	-	15,942	7,086	6,495	13,581	29,523
	-	47,821	78,370	121,456	92,652	122,816	1,583	464,698	156,751	192,946	349,697	814,395
Total expenses	1,079,805	183,584	719,677	503,753	92,652	122,816	1,583	2,703,870	358,881	574,052	932,933	3,636,803

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

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2021

	Program Services							Support Services			Total Expenses	
	Allocation Services	United Way 2-1-1	LAUW - 2-1-1	Community Impact	Front Door to Housing	Local Disaster Response	COVID 19 Programs	Total	Organizational Administration	Fundraising Campaign		Total
Allocation/awards	1,637,580	-	-	-	-	-	-	1,637,580	-	-	-	1,637,580
Less: donor designations	(571,251)	-	-	-	-	-	-	(571,251)	-	-	-	(571,251)
Sub-total	1,066,329	-	-	-	-	-	-	1,066,329	-	-	-	1,066,329
Salaries	-	84,709	385,110	238,958	-	-	-	708,777	187,025	268,670	455,695	1,164,472
Hospitalization insurance	-	17,535	53,716	35,739	-	-	-	106,990	28,447	34,745	63,192	170,182
Other payroll expenses	-	13,976	58,214	39,271	-	-	-	111,461	30,012	41,466	71,478	182,939
Total salaries and related expenses	-	116,220	497,040	313,968	-	-	-	927,228	245,484	344,881	590,365	1,517,593
Auto	-	596	-	7,318	-	171	-	8,085	3,514	8,562	12,076	20,161
Awards, recognition banquet	-	-	-	-	-	-	-	-	-	7,111	7,111	7,111
Bank charges	-	-	-	-	-	-	-	-	740	1,927	2,667	2,667
Building and property maintenance	-	1,852	-	3,313	-	-	-	5,165	2,656	2,143	4,799	9,964
Campaign events	-	-	-	-	-	-	-	-	-	603	603	603
Campaign supplies	-	-	-	-	-	-	-	-	-	2,287	2,287	2,287
Community meetings	-	-	-	-	-	-	-	-	690	-	690	690
Dues, memberships and subscriptions	-	13,486	6,000	14,701	-	-	-	34,187	1,281	504	1,785	35,972
Equipment	-	2,744	539	4,546	-	-	-	7,829	4,670	20,450	25,120	32,949
Community impact program expenses	-	-	-	9,229	-	-	-	9,229	-	-	-	9,229
Insurance	-	1,153	-	2,162	-	-	-	3,315	4,442	1,433	5,875	9,190
Janitorial	-	1,061	-	2,888	-	-	-	3,949	1,641	2,221	3,862	7,811
Leadership giving recognition	-	-	-	-	-	-	-	-	-	99	99	99
Marketing	-	22,074	-	20,021	-	-	-	42,095	903	22,497	23,400	65,495
Meetings and lunches	-	-	-	-	-	-	-	-	870	259	1,129	1,129
Office rent	-	-	-	4,032	-	-	-	4,032	3,696	6,672	10,368	14,400
Office supplies	-	1,525	1,122	2,192	-	-	-	4,839	4,481	5,633	10,114	14,953
Postage	-	29	10	22	-	5	-	66	301	1,592	1,893	1,959
Professional fees	-	2,015	272,028	6,733	-	-	-	280,776	25,335	5,656	30,991	311,767
Specific assistance	-	-	-	-	70,065	89,184	131,467	290,716	-	-	-	290,716
Telephone and internet	-	2,791	81,478	7,984	-	-	-	92,253	5,135	8,282	13,417	105,670
Travel, education and training	-	81	400	415	-	-	-	896	-	-	-	896
Utilities	-	2,610	-	5,314	-	-	-	7,924	3,591	3,665	7,256	15,180
United Way worldwide dues	-	11,603	-	25,038	-	-	-	36,641	5,496	18,931	24,427	61,068
Depreciation	-	5,981	-	11,921	-	-	-	17,902	7,970	7,451	15,421	33,323
Total other expenses	-	69,601	361,577	127,829	70,065	89,360	131,467	849,899	77,412	127,978	205,390	1,055,289
Total expenses	1,066,329	185,821	858,617	441,797	70,065	89,360	131,467	2,843,456	322,896	472,859	795,755	3,639,211

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

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	430,316	758
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	29,523	33,323
PPP loan forgiveness income	-	(89,300)
Change in allowance for uncollectibles	103,644	(64,422)
(Gain) loss on sale of assets	-	(477)
Changes in assets and liabilities:		
Pledges receivable	(295,198)	290,003
Receivables - third party processors	234,353	(11,609)
Other receivables	(58,227)	69,091
Prepaid assets	(358)	46,256
Agency program support payable	49,939	(38,061)
Donor designations payable	(301,768)	(94,077)
Accounts payable	(16,569)	(5,224)
Accrued payroll liabilities	(313)	19,586
Deferred revenue	41,287	(4,499)
Net cash provided by operating activities	<u>216,629</u>	<u>151,348</u>
<u>Cash flow from investing activities:</u>		
Interest income added to investments	(390)	(4,335)
Purchase of equipment	(19,513)	(3,090)
Proceeds from sale of assets	-	1,290
Net cash used in investing activities	<u>(19,903)</u>	<u>(6,135)</u>
<u>Increase in cash</u>	196,726	145,213
<u>Cash at beginning of year</u>	<u>1,547,456</u>	<u>1,402,243</u>
<u>Cash at end of year</u>	<u>\$ 1,744,182</u>	<u>\$ 1,547,456</u>
<u>Supplemental disclosures of non-cash transactions:</u>		
In-kind contributions	<u>10,839</u>	<u>9,000</u>

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

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

1. Description of Organization

The United Way of Northeast Louisiana, Inc.'s (the "United Way"), a Louisiana nonprofit corporation founded in 1951, is a voluntary health and welfare organization, governed by a local volunteer board of directors. United Way's purpose is to help people and improve the community. The primary source of funding is the Annual Campaign, which provides monthly financial support for specified programs of 22 not-for-profit agencies (partner agencies) throughout Northeast Louisiana as well as direct programs of the United Way including 2-1-1 coverage for Northeast Louisiana and programs that encourage financial literacy and childhood reading/literacy.

2. Summary of Significant Accounting Policies

Basis of Accounting and Financial Statement Presentation

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

Financial statement presentation follows the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) Topic 958, *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASC 958, the United Way is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets without Donor Restrictions - Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets with Donor Restrictions - Assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the United Way or by the passage of time. Certain restrictions may need to be maintained in perpetuity.

Amounts received with donor stipulations that limit the use of the donated assets are reported as restricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restriction and are reported in the statement of activities as net assets released from restrictions.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Cash and Cash Equivalents

United Way considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

2. Summary of Significant Accounting Policies (Continued)

Investments

Investments are composed of certificates of deposit and equity securities, which are carried at fair value. The Financial Accounting Standards Board's Accounting Standards Codification (ASC) Section 820 establishes the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820-10 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets and liabilities in active markets that United Way has the ability to access;

Level 2 - Inputs to the valuation methodology include quoted market prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The investments held by United Way at June 30, 2022 and 2021 are valued at quoted market prices and other relevant information generated by market transactions held by United Way at that date and are considered to be Level 1 in the fair value hierarchy.

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

The valuation methodologies used for these items, as well as the general classification of such items pursuant to the fair value hierarchy of ASC Section 820 encompass that investments are reported on the basis of quoted market prices and consist primarily of certificates of deposit, equity securities and fixed income securities.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future value. Furthermore, while United Way believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements within the fair value hierarchy.

Public Support and Revenue

In accordance with ASC 958-605, *Revenue Recognition of Not-for-Profit Entities*, contributions to the United Way are recognized when cash, securities or other assets, an unconditional promise to give, or notification of beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

2. Summary of Significant Accounting Policies (Continued)

Allowances are provided for amounts estimated to be uncollectible. The allowance for uncollectible pledges is maintained at a level which the Board considers adequate based on prior collection experience and current economic conditions. All contributions are considered to be available for unrestricted use unless specifically restricted by donors. Pledges outstanding that are designated for future periods are reported as with donor restrictions.

For programs, consulting fees, and exchange-type grants and contracts, revenue is recognized when earned in accordance with ASC 606, *Revenue from Contracts with Customers*. Program fees and payments under exchange-type grants and contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

In addition, custodial funds, whereby the United Way simply serves as a conduit for contributions to others based on donor designations, are included in public support in the United Way's financial statements but are then subtracted from public support and the related expense. The United Way honors all designations. United Way's policy is to record unconditional promises to give as pledge receivables and contribution revenue when the pledges are received and represent amounts due during the next year.

Pledges receivable and related contributions are initially recorded at their net realizable value based on amounts expect to be collected from donors. This valuation reflects net pledge balances at a level which, in the judgment of management is adequate to meet the present and potential risks of uncollectibility of the pledges receivable. Management's judgment is based on a variety of factors, which include experience related to charge offs and recoveries, previous collection history and scrutiny of individual accounts. Specific accounts are written off only upon notification from donors that the pledges are no longer collectible. For the annual campaign, any remaining uncollectible pledge balances are written off after two years.

Donor Designations

Donor-designated contributions for United Way's partner agencies or other agencies are considered agency transactions because United Way does not have discretion over the distribution of these funds. Pass-through transactions do not result in contribution revenue or expense in the accompanying financial statements. When United Way receives the assets, a corresponding liability is recorded to reflect amounts due to third-party beneficiaries.

United Way pledges received from donors who have elected to use third-party pledge administrators to process the designation payments on their behalf are included in gross campaign results and gross agency distributions, in accordance with United Way Worldwide membership requirements. They are not included in pledges receivable or designations payable because those donations are paid directly by the donor to the third-party administrator to remit to the designated agencies.

Donated Securities, Materials, and Services

Although a number of volunteers have donated significant time and effort to United Way's fundraising campaigns and allocation activities, these services were not reflected in the accompanying financial statement of activities because they do not meet the necessary criteria for recognition under U.S. GAAP.

2. Summary of Significant Accounting Policies (Continued)

Donated marketable securities are recorded as support at their estimated market value on the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Other donated goods and services meeting recognition criteria under U.S. GAAP are also recorded as public support and as expense, based on estimated fair values. The United Way did not monetize any contributed nonfinancial assets and unless, otherwise noted, contributed nonfinancial assets did not have donor restrictions.

Other Revenue

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

Property and Equipment

Property and equipment are stated at cost. Purchases of fixed assets and major improvements in excess of \$600 are capitalized at cost. All donated capital assets are recorded at fair market value on the date of the donation. The cost and related accumulated depreciation of assets sold or retired are eliminated from the accounts in the year of disposal and any resulting gain or loss is included in operations. Depreciation is computed on a straight-line basis over the useful lives of the assets using estimated lives from 3 - 30 years.

Compensated Absences

Any unused vacation days will expire the following year. Sick days may be accumulated to a maximum of 90 days depending on years of service. However, employees are not paid for any unused sick days upon termination. Accordingly, the financial statements do not include any accrual for sick pay.

Net Asset Categories and Contributions

Annual campaigns are conducted each fall to raise support for agency allocations paid in the subsequent fiscal year. Campaign contributions, including unconditional promises to give, are recognized as support when made. Because campaign contributions are received on a calendar year basis, the first half of the campaign collections (January to June) is reported in Gross Campaign Results and is released from restriction during the current fiscal year. The second half of the campaign collections (July to December) is reported in Gross Campaign Results but remains in net assets with donor restrictions at June 30, 2022.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor for specific United Way use are reported as increases in net assets without donor restrictions when the restrictions expire in the same year in which the contributions are received. All other donor-restricted contributions for specific United Way use are reported as increases in net assets with donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions when the restriction expires.

Allocations/Grants

Annual grants to programs and agencies are established after the completion of the annual fund-raising campaign and accrued upon approval by the Board. Donor designated pledges are assessed a management and general fee based on actual historical costs in accordance with United Way Worldwide Membership Requirements.

2. Summary of Significant Accounting Policies (Continued)

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. However, some expenses relate to more than one function and must be allocated among the program and supporting services benefited. Organizational administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of United Way. Costs associated with the annual campaign are included in fundraising expenses. United Way records expenses to departments and programs to facilitate the functionalization between Organizational Administration, Fundraising, and Program Services.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Location</u>
Salaries and Benefits	Time and Effort
Depreciation	Square footage/Actual usage
United Way Worldwide dues	Personnel percentages

Advertising

United Way expenses advertising costs as incurred. Advertising costs were totaled \$86,937 and \$65,495 for the years ended June 30, 2022 and 2021, respectively. Advertising expense was allocated in the marketing line of the statements of functional expenses.

Income Taxes

United Way is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. Thus, no provision for income taxes is included in the accompanying combined financial statements. United Way believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. United Way's Federal Return of Organization Exempt from Income Tax (Form 990) for the years ended June 30, 2019, 2020, and 2021 are subject to examination by the IRS, generally for three years after they were filed.

Use of Estimates

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

Recent Accounting Pronouncements

On September 17, 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) issued ASU 2020-07, Not-for-Profit Entities (Topic 958), *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The ASU requires the new standard to be applied retrospectively, with amendments taking effect for the United Way's fiscal year ending June 30, 2022. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure.

2. Summary of Significant Accounting Policies (Continued)

New Accounting Guidance Not Yet Adopted

In February 2016, the FASB issued ASU No. 2016-02, "Leases" (Topic 842) which will supersede the current lease guidance in current U.S. GAAP. The ASU requires lessees to recognize a right of use asset and a related lease liability for all leases, with the limited exception of short-term leases. The main difference with current practice is that lessees will be required to record an asset and liability for what is now considered an operating lease. The FASB approved deferring the effective date of this ASU for one year.

ASU No. 2016-02 will be effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. United Way is currently evaluating the potential impact of adopting this guidance on their financial statements

3. Pledges Receivable

Pledges receivable are detailed as follows:

	<u>Pledges Receivable</u>	<u>Less Allowance for Uncollectibles</u>	<u>Net</u>
June 30, 2022			
Fall 2021 Campaign	1,450,487	(213,024)	1,237,463
Fall 2020 Campaign	<u>136,707</u>	<u>(136,707)</u>	<u>-</u>
Total	<u>1,587,194</u>	<u>(349,731)</u>	<u>1,237,463</u>
June 30, 2021			
Fall 2020 Campaign	1,269,996	(224,087)	1,045,909
Fall 2019 Campaign	<u>22,000</u>	<u>(22,000)</u>	<u>-</u>
Total	<u>1,291,996</u>	<u>(246,087)</u>	<u>1,045,909</u>

4. Allowance for Uncollectible Pledges

An analysis of activity in the allowance for uncollectible pledges is as follows for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Balance - beginning of year	246,087	310,509
Add (deduct):		
Provision for uncollectible pledges	213,024	227,111
Cancellations and removal of excess shrinkage	<u>(109,380)</u>	<u>(291,533)</u>
Balance - end of year	<u>349,731</u>	<u>246,087</u>

5. Investments

Investments at June 30, 2022 and 2021 include certificates of deposit and equity securities. Investments held were as follows:

	June 30,	
	<u>2022</u>	<u>2021</u>
Certificates of deposit	<u>584,156</u>	<u>583,766</u>
Total	<u><u>584,156</u></u>	<u><u>583,766</u></u>

For the years ended June 30, 2022 and 2021, United Way's investments (including gains and losses on investments bought, sold and held during the year) appreciated (depreciated) in value as follows:

	June 30,	
	<u>2022</u>	<u>2021</u>
Equity securities	<u>(8)</u>	<u>86</u>
Total	<u><u>(8)</u></u>	<u><u>86</u></u>

6. Property and Equipment

Property and equipment are summarized by major classifications as follows:

	June 30,	
	<u>2022</u>	<u>2021</u>
Land	<u>100,000</u>	<u>100,000</u>
Total nondepreciable assets	<u><u>100,000</u></u>	<u><u>100,000</u></u>
Building	508,178	508,178
Furniture, fixtures and equipment	516,254	496,742
Leasehold improvements	79,509	79,509
Leased equipment	<u>13,446</u>	<u>13,446</u>
Total depreciable assets	<u><u>1,117,387</u></u>	<u><u>1,097,875</u></u>
Total property and equipment	1,217,387	1,197,875
Less: accumulated depreciation	<u>945,994</u>	<u>916,472</u>
Total property and equipment	<u><u>271,393</u></u>	<u><u>281,403</u></u>

Depreciation charged to expense is \$29,523 and \$33,323 for the years ended June 30, 2022 and 2021, respectively.

7. Paycheck Protection Program Loan

In April 2020, United Way received an \$89,300 loan under the Small Business Administration's Paycheck Protection Program (the "Program"). Loan proceeds were used to cover payroll expenses and certain other overhead expenses as defined by the Program. The loan was fully forgiven on March 2, 2021 and has been included in income for the year ended June 30, 2021.

8. Restricted Funds

Annual Campaign Pledges

Net campaign contributions received for future periods are considered to be net assets with donor restrictions. The campaign for the future year pledges represent the initial pledges received for that campaign and will be available for unrestricted use during the following calendar year. The following schedule recaps the Annual Campaign at Celebrating Excellence to the amounts recorded as net assets with donor restrictions for the annual campaign pledges.

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Annual campaign	3,043,194	3,244,439
Donor designations to United Way Agencies	(50,872)	(56,591)
Donor designations to Non-United Way Agencies	(18,064)	(35,164)
Donor designations processed by third party processors	(7,194)	(479,496)
Provision for uncollectible pledges	<u>(213,024)</u>	<u>(227,111)</u>
Campaign revenue	2,754,040	2,446,077
Less: amounts released from restriction (50%)	(1,378,981)	(1,224,999)
Plus: pledges for future campaign (100%)	<u>27,037</u>	<u>28,436</u>
Campaign – net assets with donor restrictions	<u><u>1,402,096</u></u>	<u><u>1,249,514</u></u>

Cash Restricted for Local Disaster Response

Contributions restricted to local tornado and hurricane response were received during the years ended June 30, 2022 and 2021. As of June 30, 2022, there were remaining restricted contributions to be spent on local disaster response.

Cash Restricted for Homeless Response

The United Way originally reprogrammed \$115,000 originally allocated for the agency which had shut down and, in conjunction with Christopher Youth House and The Wellspring, established a program called "Front Door to Housing" which used a "navigator" type model to identify homeless individuals and families and help connect them directly to resources which could maximize their chances to get into long-term or even permanent housing. From its inception in Fall 2017 through June 30, Front Door to Housing has placed in excess of 89 people/families into long-term housing options.

Contributions restricted to homeless response were received during the years ended June 30, 2022 and 2021. As of June 30, 2022, there were remaining restricted contributions to be spent on homeless response.

Cash Restricted for Other

From time to time United Way, in its role as a trusted social services fiduciary in the community, is called upon to be the holder and distributor of short-term or emergency funds contributed throughout the region. These restricted funds are typically limited in number and/or magnitude and are often raised and distributed in very short order.

Contributions restricted to other were received during the year ended June 30, 2022 for hurricane relief in South Louisiana and in 2021 for use in the community COVID-19 response. As of June 30, 2022, there were no remaining restricted contributions in these categories.

9. History of Uncollectibles

Generally, campaign pledges that are uncollected after two years are deemed to be bad debts and are written off. The actual inception to date write-off percentages for the preceding campaigns are presented in the following table. These percentages are based on total campaign contributions pledged.

Campaign Year	Budget Year	Actual Write-Off
2020	2021	.11% **
2019	2020	6.13%
2018	2019	7.11%
2017	2018	5.87%
2016	2017	4.79%
2015	2016	3.90%
2014	2015	6.32%
2013	2014	7.79%
2012	2013	7.14%
2011	2012	6.65%

** The campaign writeoffs for the 2020 campaign year are not yet finalized and will be updated in next year's audit report.

In general, all other revenues (sponsorships, grants, services, etc) are billed and receivable within 60-90 days. Occasional bad debts on these items are rare and are not considered significant.

10. Program Services

A. Agency Funding

United Way Community Volunteers communicate to the United Way Board of Directors funding recommendations for the various partner agencies to support programs throughout Northeast Louisiana. In general, campaign contributions raised in Lincoln-Union-Jackson Parishes, net of fundraising and administrative expenses, are allocated to partner agencies and programs providing services in those parishes and those funding recommendations are made by community volunteers from those parishes. All other campaign contributions raised in the annual campaign are allocated to partner agencies and programs throughout Northeast Louisiana based on funding recommendations from panels of community volunteers.

The total agency support expense for the year ended June 30, 2022 was \$1,079,304. Total awards to agency organizations, is summarized below:

<u>Program Service Category</u>	<u>Amount</u>	<u>Percent</u>
Children & Youth Services	334,279	31%
Economic Opportunity	240,129	22
Healthy & Safe Individuals	482,581	45
Other	<u>22,315</u>	<u>2</u>
	<u><u>1,079,304</u></u>	<u><u>100%</u></u>

10. Program Services (Continued)

The total agency support expense for the year ended June 30, 2021 was \$1,066,329. Total awards to agency organizations, is summarized below:

<u>Program Service Category</u>	<u>Amount</u>	<u>Percent</u>
Children & Youth Services	338,530	32%
Economic Opportunity	215,749	20
Healthy & Safe Individuals	491,534	46
Other	20,516	2
	<u>1,066,329</u>	<u>100%</u>

A. Homeless Response

Front Door to Housing

Front Door to Housing, a visionary program that has no counterpart elsewhere in the state, is funded solely by local dollars and serves solely local needs in a collaboration with The Wellspring and the HOME Coalition. It fills an otherwise unfillable gap in how United Way helps the most vulnerable citizens. Front Door to Housing offers outreach, screening and assessment, and referrals. It also provides rehousing assistance for those who have no other option.

June 30, 2022 information

- Number of homeless persons offered assistance: 2,088
- Number persons facing housing instability referred to a community program for rehousing: 1,764
- Number of homeless persons rehoused by Front Door: 55

During the years ended June 30, 2022 and 2021, between restricted funds raised and agency funds reprogrammed a total of \$92,652 and \$70,065, respectively, was spent on the Front Door to Housing program.

B. All Other Programs

Various community initiatives are conducted directly by United Way. United Way is focused on creating lasting change in community conditions to improve people's lives through community initiatives such as:

United Way 211, a free, easy to remember, three-digit telephone number that gives people a fast, easy way to get connected to available social assistance services. In calendar year 2021, the United Way of Northeast Louisiana's 211 answered 13,288 calls.

In July 2015, United Way of Northeast Louisiana contracted with Louisiana Association of United Ways (LAUW) to manage 211 services for the Capital Area. In January 2016, the contract was extended to include Southwest Louisiana. In mid-November 2017, United Way of Northeast Louisiana's 211 began to answer calls for the Northwest Louisiana region on behalf of United Way of Northwest Louisiana through the contract with LAUW.

10. Program Services (Continued)

Total calls for all regions under contract answered in calendar year 2020 and 2021 were 104,153 and 85,655, respectively, which represents only the calls that were live answered by staff and does not include calls answered by auto-attendant or transfers to other 211 operations.

In February 2018, United Way 211 initiated a text-based service which continues to grow in popularity and is anticipated to streamline assistance during times of disaster in particular.

The contract with LAUW to cover other areas covers all costs associated with those areas and has provided further economies of scale which has reduced the costs for providing 211 to Northeast Louisiana by more than \$100,000 annually compared to costs prior to the consolidation. For further information, see Note 14.

Community Investment - Volunteers and staff of United Way who work with the partner agencies to ensure that United Way dollars are invested to produce the most effective results. They make site visits, gather information and evaluate programs year- round. Volunteers make recommendations on agency funding.

Community Impact - United Way of Northeast Louisiana's agenda is the community's agenda - we stand with the residents, business leaders, and policymakers-to take action together and strategically invest in making a meaningful difference in the lives of people in Northeast Louisiana.

Children, Youth, and Young Adults Successful in School and Life

1. Children enter school ready
2. Students are successful in elementary school and prepared for middle/secondary school
3. Youth gain the knowledge, skills, and credentials so that they are prepared for the workforce and are able to obtain family sustaining employment

Economic Opportunity for All

1. Individuals and families have adequate and sustainable resources to support their needs
2. Individuals and families have the skills, knowledge, relationships and economic pathways they need to effectively increase and manage their income
3. Vulnerable populations maximize their ability to live with independence and dignity
4. People/organizations continue to work together to support a thriving, prosperous, robust economy

Healthy and Safe Individuals, Families and Community

1. Families/Individuals live in a healthy and safe environment
2. People/organizations work together to strengthen and build a more inclusive community

Financial Health Center through Workforce Development Board

1. Low- to moderate-income individuals and families face multiple economic and societal barriers that prevent them from achieving financial stability and economic independence. Many organizations offer a variety of services designed to help these individuals and families become more financially stable. These services are often delivered by multiple agencies, with little coordination amongst each other, making accessibility difficult. The Financial Health Center will develop a holistic, integrated approach to improving financial security, functioning as a one-stop hub to allow community members access to a wide range of services.

11. 401(k) Defined Contribution Plan

United Way has adopted a deferred compensation plan pursuant to IRC Section 401(k). This plan covers employees who have reached 21 years of age and have completed one full year of eligibility service. Employer contributions to the plan are 5% for all eligible employees and will match an additional 2%. Employer contributions are allocated to each participant who completes 1,000 hours of service during the plan year and who is employed on the last day of the plan year. United Way may use unvested forfeitures to pay plan expenses or to reduce amounts otherwise required to be distributed.

The total pension cost of United Way for the year ended June 30, 2022 and 2021 was \$69,023 and \$64,881, respectively.

12. In Kind Services and Materials

Contributions of services and materials were reported as revenues and allocated between all program expenses. Donated services and materials for the years ended June 30, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Rental fees	2,000	-
Lease value of provided vehicle	8,750	8,750
Other	<u>89</u>	<u>250</u>
Total	<u><u>10,839</u></u>	<u><u>9,000</u></u>

13. Lease Agreement

On February 1, 2018, the United Way entered into a lease agreement for the location of its Ruston office for \$1,200 per month. The lease period is for five years ending on January 31, 2023 with no option for renewal. The lease specifies that upon demand United Way is responsible reimbursing lessor for any property taxes in excess of the total amount of property taxes paid on the unit in calendar year 2017. The United Way is responsible for all utilities.

The minimum future rental commitment on this lease is as follows:

YEAR ENDED JUNE 30

2023	<u>8,400</u>
	<u><u>8,400</u></u>

14. Disclosures about Concentrations

Support from the most recent annual campaign represents approximately 67% of United Way's total revenue. United Way's annual campaign covers 12 parishes in northeast Louisiana with the largest concentration being Ouachita Parish and Lincoln/Union Parishes. The annual campaign in these parishes represents a concentration of risk by geographic region and by the nature of the fund-raising activity. Failure of the community to respond to the campaign or to fulfill their obligation could impact United Way's ability to collect approximately 1.29 million in pledges receivable. No collateralization is required by United Way.

The top three campaigns account for 10.25% in gross campaign results and for 14.00% in pledges receivable for the 2021 Campaign, down from 22.25% and 14.27% from the 2020 Campaign.

In general, funds, net of expenses, raised in one geographical area are allocated to programs and activities in that geographical area. As a result, disproportionate increases or decreases within one geographic area would be expected to impact that area more than others.

14. Disclosures about Concentrations (Continued)

LAUW 2-1-1 Contract

In June, 2016 the United Way entered into a contract with the Louisiana Association of United Ways to provide call center services and management support for 2-1-1 operations with the parishes covered by the Capitol Area United Way, United Way of Southwest Louisiana, and United Way of Northeast Louisiana. In June of 2017, the areas covered by United Way of Northwest Louisiana were added. In June of 2018, United Way of Central Louisiana joined the funding pool, although their parishes had previously been covered via other United Ways. This contract allows for economies of scale and has allowed the United Way of Northeast Louisiana to reduce the direct funding to operate 2-1-1 within Northeast Louisiana by approximately \$100,000 for the year ended June 30, 2021 and a like amount for the year ended June 30, 2022.

The LAUW 2-1-1 base contract resulted in revenue of \$342,601 for the year ended June 30, 2022 and \$358,736 for the year ended June 30, 2021 and represented 9% and 9% of total revenue respectively. Loss of this contract would have the potential to increase the cost of providing local 2-1-1 coverage.

Bank Concentrations

Checking account funds are held at CrossKeys Bank in Monroe. A sweep arrangement is used for excess checking funds and is intended to provide protections through FDIC.

CDs are placed with various banks throughout Northeast Louisiana and are typically limited to less than \$175,000 at any single institution at any one time. The United Way Finance Committee provides broad guidance on placement policy, taking into consideration the current and expected rate environment, and anticipated funding and liquidity requirements. While the investment policy allows for investments in less liquid instruments such as equity and fixed income instruments under certain circumstances, present committee guidance continues to limit holdings to CDs, generally with a term of 2 years or less.

15. Liquidity and Availability of Resources

The United Way's financial assets available within one year of the statements of financial position date for general expenditures are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	1,744,182	1,547,456
Investments	584,156	583,766
Pledge receivables, net	1,237,463	1,045,909
Receivables-third party processors	4,014	238,367
Other receivables	<u>112,225</u>	<u>53,998</u>
Total financial assets available within one year	<u>3,682,040</u>	<u>3,469,496</u>
Less: amounts unavailable for general expenditures within one year to:		
Designations payable	<u>86,160</u>	<u>387,928</u>
Total amounts unavailable for general expenditures within one year	<u>86,160</u>	<u>387,928</u>
Total financial assets available to management for general expenditures within one year	<u>3,595,880</u>	<u>3,081,568</u>

15. Liquidity and Availability of Resources (Continued)

United Way has a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Board has approved a policy that targets three months of annual grants and three months of operating expenses to be maintained. Because this is a target there is presently no actual restriction on use of such funds although the target and progress toward meeting that target is considered during the budget and program/grant funding cycles each year. Excess cash is invested in a ladder from three months to two years of certificates of deposit depending on market conditions, as well as utilizing a repurchase agreement and overnight sweep associated with its operating checking account. United Way cash flows have seasonal variations during the year attributable to the annual campaign and when payments are received from donors on pledges.

16. New Accounting Guidance Not Yet Adopted

In February 2016, the FASB issued ASU No. 2016-02, "Leases" (Topic 842). Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date:

- A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and
- A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.

Additional qualitative and quantitative disclosures will be required so that users can understand more about the nature of an entity's leasing activities. Also, the new lease guidance simplified the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with a source of off-balance sheet financing.

ASU No. 2016-02 will be effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. United Way is currently evaluating the potential impact of adopting this guidance on their financial statements.

17. Subsequent Events

Management of United Way has evaluated subsequent events through January 18, 2023, the date which the financial statements were available to be issued and has determined that there were no reportable events or transactions.