

TRIDENT UNITED WAY
FINANCIAL REPORT
JUNE 30, 2022 AND 2021

**TRIDENT UNITED WAY
FINANCIAL REPORT
JUNE 30, 2022 AND 2021**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Trident United Way
North Charleston, South Carolina

Opinion

We have audited the financial statements of Trident United Way, which comprise the statements of financial position 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 accompanying financial statements present fairly, in all material respects, the financial position of Trident United Way 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 (GAAS). 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 Trident United Way 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 Trident United Way's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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, 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 Trident United Way's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Trident United Way's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

DCPAS, LLC dba Davis & Company CPAs

Mount Pleasant, South Carolina
January 25, 2023

Trident United Way
Statement of Financial Position
As of June 30, 2022

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 5,461,393 | \$ - | \$ 5,461,393 |
| Short term investments | 122,210 | 35,626 | 157,836 |
| Accounts receivable | 931,643 | - | 931,643 |
| Contribution receivable, net | - | 1,496,880 | 1,496,880 |
| Prepaid expenses | 20,733 | - | 20,733 |
| Land, buildings, and equipment, net | 1,754,101 | - | 1,754,101 |
| Long term investments | 9,009,009 | 823,912 | 9,832,921 |
| TOTAL ASSETS | <u>\$ 17,299,089</u> | <u>\$ 2,356,418</u> | <u>\$ 19,655,507</u> |
| LIABILITIES AND NET ASSETS | | | |
| LIABILITIES | | | |
| Accounts payable | \$ 933,317 | \$ 2,093 | \$ 935,410 |
| Payroll liabilities | 83,357 | - | 83,357 |
| Deferred compensation | 441,996 | - | 441,996 |
| Campaign designations payable | - | 121,364 | 121,364 |
| Total liabilities | <u>1,458,670</u> | <u>123,457</u> | <u>1,582,127</u> |
| NET ASSETS | | | |
| Without donor restrictions | | | |
| Undesignated | 5,492,737 | - | 5,492,737 |
| Designated by Board for operating/emergency reserve | 2,438,841 | - | 2,438,841 |
| Designated by Board for endowment | 5,687,474 | - | 5,687,474 |
| Designated by Board for community needs | 50,000 | - | 50,000 |
| Designated by Board for building reserve | 417,266 | - | 417,266 |
| Invested in property and equipment | 1,754,101 | - | 1,754,101 |
| Total without donor restrictions | <u>15,840,419</u> | <u>-</u> | <u>15,840,419</u> |
| With donor restrictions | | | |
| Perpetual in nature | - | 467,528 | 467,528 |
| Purpose and time restrictions | - | 1,765,433 | 1,765,433 |
| Total with donor restrictions | <u>-</u> | <u>2,232,961</u> | <u>2,232,961</u> |
| TOTAL NET ASSETS | <u>15,840,419</u> | <u>2,232,961</u> | <u>18,073,380</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 17,299,089</u> | <u>\$ 2,356,418</u> | <u>\$ 19,655,507</u> |

See accompanying notes and independent auditors' report.

Trident United Way
Statement of Financial Position
As of June 30, 2021

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 5,677,793 | \$ - | \$ 5,677,793 |
| Short term investments | 384,126 | 33,811 | 417,937 |
| Accounts receivable | 124,193 | - | 124,193 |
| Contribution receivable, net | - | 2,235,851 | 2,235,851 |
| Prepaid expenses | 64,590 | - | 64,590 |
| Land, buildings, and equipment, net | 1,917,783 | - | 1,917,783 |
| Long term investments | 9,827,963 | 962,993 | 10,790,956 |
| TOTAL ASSETS | <u>\$ 17,996,448</u> | <u>\$ 3,232,655</u> | <u>\$ 21,229,103</u> |
| LIABILITIES AND NET ASSETS | | | |
| LIABILITIES | | | |
| Accounts payable | \$ 158,629 | \$ - | \$ 158,629 |
| Payroll liabilities | 140,602 | - | 140,602 |
| Deferred compensation | 524,933 | - | 524,933 |
| Campaign designations payable | - | 124,063 | 124,063 |
| Payroll Protection Program SBA loan | 596,870 | - | 596,870 |
| Total liabilities | <u>1,421,034</u> | <u>124,063</u> | <u>1,545,097</u> |
| NET ASSETS | | | |
| Without donor restrictions | | | |
| Undesignated | 5,130,021 | - | 5,130,021 |
| Designated by Board for operating/emergency reserve | 2,649,311 | - | 2,649,311 |
| Designated by Board for endowment | 6,376,699 | - | 6,376,699 |
| Designated by Board for community needs | 50,000 | - | 50,000 |
| Designated by Board for building reserve | 451,600 | - | 451,600 |
| Invested in property and equipment | 1,917,783 | - | 1,917,783 |
| Total without donor restrictions | <u>16,575,414</u> | <u>-</u> | <u>16,575,414</u> |
| With donor restrictions | | | |
| Perpetual in nature | - | 467,528 | 467,528 |
| Purpose and time restrictions | - | 2,641,064 | 2,641,064 |
| Total with donor restrictions | <u>-</u> | <u>3,108,592</u> | <u>3,108,592</u> |
| TOTAL NET ASSETS | <u>16,575,414</u> | <u>3,108,592</u> | <u>19,684,006</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 17,996,448</u> | <u>\$ 3,232,655</u> | <u>\$ 21,229,103</u> |

See accompanying notes and independent auditors' report.

Trident United Way
Statement of Activities
For the Year Ended June 30, 2022

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---------------------------------------|------------------------------------|----------------------|
| PUBLIC SUPPORT AND REVENUE | | | |
| Contribution revenue | | | |
| Campaign contributions | \$ 185,353 | \$ 5,105,776 | \$ 5,291,129 |
| Contributed non-financial assets | 125,175 | - | 125,175 |
| Less donor designations | - | (637,316) | (637,316) |
| Less provision for uncollectible | - | (599,894) | (599,894) |
| Payments from previously closed campaigns | 206,371 | - | 206,371 |
| Other contributions | 1,371,328 | - | 1,371,328 |
| Net contribution revenue | 1,888,227 | 3,868,566 | 5,756,793 |
| Program service fees | 81,669 | - | 81,669 |
| Rental income | 274,400 | - | 274,400 |
| Other income | 9,370 | - | 9,370 |
| Payroll Protection Loan forgiveness | 602,739 | - | 602,739 |
| Investment return (net) | (1,052,706) | (110,246) | (1,162,952) |
| Net assets released from restrictions | 4,633,951 | (4,633,951) | - |
| TOTAL PUBLIC SUPPORT AND REVENUE | \$ 6,437,650 | \$ (875,631) | \$ 5,562,019 |
| EXPENSES | | | |
| Program Services | | | |
| Community Impact | \$ 2,103,699 | \$ - | \$ 2,103,699 |
| Health | 466,580 | - | 466,580 |
| Education | 209,836 | - | 209,836 |
| Financial Stability | 1,795,670 | - | 1,795,670 |
| Connecting the Community (SVE) | 624,776 | - | 624,776 |
| Total Program Services Expenses | 5,200,561 | - | 5,200,561 |
| Support Services | | | |
| General and administrative | 419,524 | - | 419,524 |
| Building | 200,212 | - | 200,212 |
| Fundraising | 1,352,348 | - | 1,352,348 |
| Total Support Services Expenses | 1,972,084 | - | 1,972,084 |
| TOTAL EXPENSES | 7,172,645 | - | 7,172,645 |
| DECREASE IN NET ASSETS | (734,995) | (875,631) | (1,610,626) |
| Net Assets at Beginning of Year | 16,575,414 | 3,108,592 | 19,684,006 |
| NET ASSETS AT END OF YEAR | \$ 15,840,419 | \$ 2,232,961 | \$ 18,073,380 |

See accompanying notes and independent auditors' report.

Trident United Way
Statement of Activities
For the Year Ended June 30, 2021

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|----------------------|
| PUBLIC SUPPORT AND REVENUE | | | |
| Contribution revenue | | | |
| Campaign contributions | \$ 229,734 | \$ 5,190,731 | \$ 5,420,465 |
| Contributed non-financial assets | 222,567 | - | 222,567 |
| Less donor designations | (229,734) | (479,944) | (709,678) |
| Less provision for uncollectible | (33,494) | (535,536) | (569,030) |
| Payments from previously closed campaigns | 209,135 | - | 209,135 |
| Other contributions | 673,258 | 91,753 | 765,011 |
| Net contribution revenue | <u>1,071,466</u> | <u>4,267,004</u> | <u>5,338,470</u> |
| Program service fees | 46,136 | - | 46,136 |
| Rental income | 254,497 | - | 254,497 |
| Other income | 45,587 | - | 45,587 |
| Payroll Protection Loan forgiveness | 588,054 | - | 588,054 |
| Investment return (net) | 2,314,156 | 253,963 | 2,568,119 |
| Net assets released from restrictions | 5,034,770 | (5,034,770) | - |
| TOTAL PUBLIC SUPPORT AND REVENUE | <u>\$ 9,354,666</u> | <u>\$ (513,803)</u> | <u>\$ 8,840,863</u> |
| EXPENSES | | | |
| Program Services | | | |
| Community Impact | \$ 2,037,246 | \$ - | \$ 2,037,246 |
| Health | 357,170 | - | 357,170 |
| Education | 202,220 | - | 202,220 |
| Financial Stability | 1,051,757 | - | 1,051,757 |
| Connecting the Community (SVE) | 712,449 | - | 712,449 |
| Total Program Services Expenses | <u>4,360,842</u> | <u>-</u> | <u>4,360,842</u> |
| Support Services | | | |
| General and administrative | 409,865 | - | 409,865 |
| Building | 295,718 | - | 295,718 |
| Fundraising | 1,520,753 | - | 1,520,753 |
| Total Support Services Expenses | <u>2,226,336</u> | <u>-</u> | <u>2,226,336</u> |
| TOTAL EXPENSES | <u>6,587,178</u> | <u>-</u> | <u>6,587,178</u> |
| INCREASE (DECREASE) IN NET ASSETS | <u>2,767,488</u> | <u>(513,803)</u> | <u>2,253,685</u> |
| Net Assets at Beginning of Year | 13,807,926 | 3,622,395 | 17,430,321 |
| NET ASSETS AT END OF YEAR | <u>\$ 16,575,414</u> | <u>\$ 3,108,592</u> | <u>\$ 19,684,006</u> |

See accompanying notes and independent auditors' report.

Trident United Way
Statement of Functional Expenses
For the Year Ended June 30, 2022

| | Program Services | | | | | | Supporting Services | | | | | Total Expenses |
|--------------------------------------|---------------------|-------------------|-------------------|---------------------|--------------------------|---------------------|---------------------|-------------------|-------------------|---------------------|---------------------|---------------------|
| | Community Impact | Health | Education | Financial Stability | Connecting The Community | Total Programs | General and Admin | Building | Total Admin | Fundraising | Total Support | |
| Expenses | | | | | | | | | | | | |
| Partner agency allocations | \$ 1,287,816 | \$ - | \$ - | \$ 50,000 | \$ - | \$ 1,337,816 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,337,816 |
| Other agency grants | 9,200 | - | - | 881,291 | - | 890,491 | - | - | - | - | - | 890,491 |
| Salaries & benefits | 402,583 | 206,924 | 155,562 | 572,567 | 330,712 | 1,668,348 | 291,919 | 59,497 | 351,416 | 964,914 | 1,316,330 | 2,984,678 |
| Professional and contract services | 141,338 | 80,783 | 45,000 | 201,337 | 41,424 | 509,882 | 46,868 | 7,626 | 54,494 | 100,038 | 154,532 | 664,414 |
| Occupancy | 52,412 | 465 | 459 | 27,941 | 11,489 | 92,766 | 8,836 | 91,968 | 100,804 | 36,486 | 137,290 | 230,056 |
| Meetings and conferences | 1,362 | 1,669 | 74 | 7,850 | 2,260 | 13,215 | 13,682 | 28 | 13,710 | 48,559 | 62,269 | 75,484 |
| Depreciation | 88,959 | - | - | 18,347 | 17,274 | 124,580 | 12,445 | 4,871 | 17,316 | 56,316 | 73,632 | 198,212 |
| Dues, subscriptions and publications | 68,636 | 330 | - | 242 | 14,254 | 83,462 | 14,510 | 4,082 | 18,592 | 44,873 | 63,465 | 146,927 |
| Advertising | - | 6,000 | 414 | 13,411 | 180,350 | 200,175 | 4,088 | - | 4,088 | 40,252 | 44,340 | 244,515 |
| Postage and printing | 24,047 | 147 | - | 7,408 | 9,292 | 40,894 | 5,667 | 1,308 | 6,975 | 33,811 | 40,786 | 81,680 |
| Supplies | (565) | 164,216 | 7,820 | 7,261 | 10,312 | 189,044 | 5,962 | 1,504 | 7,466 | 5,758 | 13,224 | 202,268 |
| Travel | 1,455 | 6,046 | 507 | 7,864 | 2,275 | 18,147 | 5,453 | - | 5,453 | 3,840 | 9,293 | 27,440 |
| Insurance | 17,155 | - | - | 116 | 3,328 | 20,599 | 2,378 | 28,819 | 31,197 | 11,613 | 42,810 | 63,409 |
| Card processing and bank fees | 9,301 | - | - | 35 | 1,806 | 11,142 | 7,716 | 509 | 8,225 | 5,888 | 14,113 | 25,255 |
| Total Expenses | \$ 2,103,699 | \$ 466,580 | \$ 209,836 | \$ 1,795,670 | \$ 624,776 | \$ 5,200,561 | \$ 419,524 | \$ 200,212 | \$ 619,736 | \$ 1,352,348 | \$ 1,972,084 | \$ 7,172,645 |

See accompanying notes and independent auditors' report.

Trident United Way
Statement of Functional Expenses
For the Year Ended June 30, 2021

| | Program Services | | | | | | Supporting Services | | | | | |
|--------------------------------------|---------------------|-------------------|-------------------|---------------------|--------------------------|---------------------|---------------------|-------------------|-------------------|---------------------|---------------------|---------------------|
| | Community Impact | Health | Education | Financial Stability | Connecting The Community | Total Programs | General and Admin | Building | Total Admin | Fundraising | Total Support | Total Expenses |
| Expenses | | | | | | | | | | | | |
| Partner agency allocations | \$ 1,317,388 | \$ - | \$ - | \$ 50,000 | \$ - | \$ 1,367,388 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,367,388 |
| Other agency grants | 23,751 | 26,498 | 4,999 | 74,783 | - | 130,031 | - | - | - | - | - | 130,031 |
| Salaries & benefits | 581,623 | 236,756 | 121,709 | 519,889 | 385,452 | 1,845,429 | 302,724 | 97,768 | 400,492 | 1,141,708 | 1,542,200 | 3,387,629 |
| Professional and contract services | 36,200 | 50,369 | 52,345 | 233,942 | 30,646 | 403,502 | 42,724 | 7,419 | 50,143 | 107,387 | 157,530 | 561,032 |
| Occupancy | 15,979 | 6,372 | 5,000 | 44,932 | 12,449 | 84,732 | 9,698 | 81,613 | 91,311 | 33,977 | 125,288 | 210,020 |
| Meetings and conferences | 2,954 | 1,554 | 393 | 9,705 | 336 | 14,942 | 4,505 | 10 | 4,515 | 14,132 | 18,647 | 33,589 |
| Depreciation | 18,696 | 7,103 | 5,745 | 44,185 | 12,752 | 88,481 | 8,783 | 76,736 | 85,519 | 35,047 | 120,566 | 209,047 |
| Dues, subscriptions and publications | 24,953 | 9,980 | 6,794 | 33,386 | 18,014 | 93,127 | 12,015 | 3,974 | 15,989 | 49,109 | 65,098 | 158,225 |
| Advertising | 1,780 | - | - | - | 233,156 | 234,936 | - | - | - | 67,940 | 67,940 | 302,876 |
| Postage and printing | 8,940 | 5,985 | 2,443 | 18,175 | 7,057 | 42,600 | 3,961 | 1,346 | 5,307 | 41,450 | 46,757 | 89,357 |
| Supplies | (412) | 8,153 | (334) | 5,035 | 5,282 | 17,724 | 6,053 | 2,167 | 8,220 | 4,578 | 12,798 | 30,522 |
| Travel | 177 | 56 | 28 | 2,090 | 270 | 2,621 | 358 | - | 358 | 4,769 | 5,127 | 7,748 |
| Insurance | 1,656 | 3,138 | 2,238 | 10,905 | 4,553 | 22,490 | 9,679 | 24,172 | 33,851 | 11,944 | 45,795 | 68,285 |
| Card processing and bank fees | 2,844 | 1,098 | 783 | 3,816 | 2,032 | 10,573 | 8,776 | 438 | 9,214 | 8,158 | 17,372 | 27,945 |
| Equipment | 717 | 108 | 77 | 914 | 450 | 2,266 | 589 | 75 | 664 | 554 | 1,218 | 3,484 |
| Total Expenses | \$ 2,037,246 | \$ 357,170 | \$ 202,220 | \$ 1,051,757 | \$ 712,449 | \$ 4,360,842 | \$ 409,865 | \$ 295,718 | \$ 705,583 | \$ 1,520,753 | \$ 2,226,336 | \$ 6,587,178 |

See accompanying notes and independent auditors' report.

Trident United Way
Statement of Cash Flows
For the Years Ended June 30, 2022 and 2021

| | 2022 | 2021 |
|---|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Increase (decrease) in net assets | \$ (1,610,626) | \$ 2,253,685 |
| Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used for) operating activities: | | |
| Depreciation | 198,212 | 209,047 |
| Realized/unrealized (gain) on investments | 1,162,952 | (2,568,119) |
| Loss on disposal of land, buildings, and equipment | - | 7,741 |
| Provision for uncollectible contributions receivable | 599,894 | 535,536 |
| (Increase) decrease in operating assets | | |
| Accounts receivable | (807,450) | (4,037) |
| Contributions receivable | | |
| Trident United Way Campaign | 139,077 | 269,402 |
| Prepaid expenses | 43,857 | 5,446 |
| Increase (decrease) in operating liabilities | | |
| Accounts payable | 776,781 | (52,378) |
| Payroll liabilities | (57,245) | (40,399) |
| Deferred compensation | (82,937) | 1,733 |
| Campaign designations payable | (2,699) | (11,802) |
| Forgiveness of Paycheck Protection Program SBA loan | (596,870) | (582,216) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | (237,054) | 23,639 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Leasehold improvements, equipment and software purchase | (34,530) | (50,623) |
| Sale/purchase of investments, net | 55,184 | 650,566 |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | 20,654 | 599,943 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from paycheck Protection Program SBA loan | - | 596,870 |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | - | 596,870 |
| NET INCREASE (DECREASE) IN CASH | (216,400) | 1,220,452 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 5,677,793 | 4,457,341 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$ 5,461,393 | \$ 5,677,793 |
| SUPPLEMENTAL INFORMATION | | |
| Forgiveness of Paycheck Protection Program SBA loan | \$ (596,870) | \$ (582,216) |

See accompanying notes and independent auditors' report.

TRIDENT UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Trident United Way (the Organization) is a catalyst for measurable community transformation through collective impact in education, financial stability and health. The Organization is committed to applying the collective impact discipline by bringing together various stakeholders, individuals and organizations, to create long-lasting social change. Trident United Way's vision is to create positive, sustainable system change designed to help keep students on track to graduate, to help families achieve financial stability and to help citizens gain tools to live healthy lives.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

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. Actual results could differ from those estimates.

Classification of Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The Board of Directors has designated, from net assets without donor restrictions, net assets for operating/emergency reserve, board-designated endowment, and building reserve. See the statement of financial position for the composition of net assets without donor restrictions.

Net Assets With Donor Restrictions - Certain donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donors. Other donor-imposed restrictions are perpetual on nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. See Note I for more information on the composition of net assets with donor restrictions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash equivalents include money market funds and certificates of deposit valued equally with cash.

TRIDENT UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Accounts Receivable

Management considers all accounts receivable to be fully collectible based on experience. Accordingly, no allowance has been established for these accounts.

Public Support and Contributions Receivable

Annual campaigns are conducted to raise support for operations and allocations to participating agencies. Contributions received are recorded with donor restrictions or without donor restrictions depending on the existence or nature of any donor restrictions.

Contributions are recorded when the agency is notified of the pledge, and allowances are provided for amounts estimated to be uncollectible. Bequests are recorded as income at the time the agency has an established right to the bequest and the proceeds are measurable. An allowance for doubtful accounts is recorded based on management's historical collection information of trends and adjusted accordingly.

Prepaid Expenses

Expenses are recognized by the Organization on an accrual basis. Expenses paid in advance and not yet incurred are recorded as prepaid until the applicable period. Prepaid and other assets are primarily prepaid annual dues to United Way Worldwide and United Way Association of South Carolina, as well as prepaid service contracts and insurance.

Land, Buildings, and Equipment

Land, buildings, and equipment purchased are recorded at cost. The Organization capitalizes all expenditures for property and equipment in excess of \$1,000 with a useful life greater than one year. Improvements or betterments of a permanent nature are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The costs of assets retired or otherwise disposed of, and the related accumulated depreciation, are eliminated from the accounts in the year of disposal. Gains or losses resulting from property disposals are credited or charged to operations currently. Land, buildings, and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, from 3 to 40 years.

Investments

The Organization accounts for investments in accordance with FASB ASC 958-320 and subsections. This standard requires that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value in the statements of financial position. Fair value of marketable equity and debt securities is based on quoted market prices.

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct investment expenses.

TRIDENT UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Endowment and Long-term Investments

Endowment investments consist of investments purchased with the following resources:

- Donor-restricted perpetual endowments, which are contributions restricted by donors to investment in perpetuity with only investment income and appreciation being used to support the organization's activities.
- Donor-restricted term endowments, which are contributions restricted by donors to investment for the term specified by the donor. During that term, the donor may either require investment income and appreciation to be reinvested in the fund or may permit the organization to spend those amounts in accordance with the donors' restrictions on use.
- Board-designated endowments, which are resources set aside by the Board of Directors for an indeterminate period to operate in a manner similar to a donor-restricted perpetual endowment. Because a board-designated endowment results from an internal designation, it can be spent upon the action of the Board of Directors.

Endowment investments also include investments purchased with unspent investment income and net gains on these resources. Other long-term investments are held under split-interest agreements with donors.

Endowment investments are reported at fair value with changes to fair value reported as investment return in the statement of activities. Purchases and sales of investments are reported on the trade date.

The Organization's endowment funds consist of donor-restricted endowments and funds designated by the board. Income from donor-restricted endowments is restricted for specific purposes, except for the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The board-designated operating/emergency reserve of \$2,438,841 is available in the case of economic downturns or natural disasters so the organization may maintain or expand services in times of great need. The board may also use these funds for one-time investment in capital, equipment, or technology beyond what could be funded through the annual campaign.

The board-designated endowment of \$5,687,474 is to provide long-term support of the fundraising and administrative functions for Trident United Way through an established four percent per year distribution.

The Board of Directors approved a change in the annual endowment distribution to 4% from 5% in the year ended June 30, 2021. Additional funds beyond the annual distribution could be available if deemed necessary by the Board of Directors.

**TRIDENT UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Endowment and Long-term Investments – Continued

The board-designated building reserve of \$417,266 is to provide for major repairs and improvements to the organization-owned properties.

The community needs reserve of \$50,000 is to provide for assistance to the community, in times of disaster.

Revenues from Exchange Transactions

The Organization has revenue streams that are accounted for as exchange transactions including program fees. Because the Organization's performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in FASB ASC 606-10-50-14, Revenue from Contracts with Customers, and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

Contributed Non-financial Assets and Contributed Services

A substantial number of volunteers have donated significant amounts of time to the Organization's program services and to its fund-raising campaigns. Contributed services represent services requiring specialized skills that the Organization would typically purchase if not donated. Contributed non-financial assets and contributed services are recognized at their estimated fair values at date of receipt with an equal and offsetting amount in expenses in the Statement of Activities, resulting in a no net impact on the change in net assets during the fiscal year.

Accounting for Contributions

Trident United Way conducts annual fundraising campaigns in cooperation with many individuals and local employers. Contributions, including pledges and other unconditional promises to give, are recognized as revenue in the year the pledge is received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. The majority of the organization's pledges allow donors to make payments over 24 months. Since the pledge may extend beyond one fiscal year the organization treats them as time restricted. Such revenues will be presented as restricted until paid and released from restrictions.

Multi-year contributions have an implied time restriction that the amounts are not to be used until the year in which they are to be received, and therefore are reported as with donor restrictions. Amounts that are to be invested in perpetuity and only the income used will be recorded as with donor restrictions.

TRIDENT UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Accounting for Contributions – Continued

Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met. It is the Organization's policy to record restricted contributions received and released in the same year as contributions without donor restrictions.

The Organization allows donors to designate their contributions to any agency qualified to receive charitable contributions. Donor-designated contributions are reflected in gross campaign results and deducts them from revenue on the statement of activities. Designations are paid when the pledge payment is collected.

Expense Recognition and Allocation

The cost of providing the organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expense. Expenses that can be identified with a specific program or support service are charged directly to that program or support service.

Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied as follows:

- Salaries and wages, benefits and payroll taxes are allocated based on activity reports.
- Occupancy, telephone and internet services, insurance, supplies, depreciation, and other miscellaneous expenses are allocated based on the salary allocation and headcount for each program and supporting activity.

Every year, or more often when new space or programs are added, the basis on which costs are allocated are evaluated. General and administrative expenses include these costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years.

Recently Adopted Accounting Pronouncements

In September 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which increased the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. ASU No 2020-07 requires not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. It also requires additional disclosures, including a disclosure of a disaggregation of the amount of contributed nonfinancial assets by category. ASU 2020-07 is effective for the Organization for fiscal year 2022 and early adoption is permitted.

The Organization adopted the new standard effective July 1, 2021, the first day of the Organization's fiscal year, using the full retrospective method.

**TRIDENT UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Recently Adopted Accounting Pronouncements – Continued

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization measures and recognizes contributed non-financial assets therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of contributed non-financial assets have been adjusted in accordance with the standard.

Compensated Absences

Employees of the Organization working at least 30 hours per week, are entitled to a minimum of 10 and maximum of 20 paid vacation days based on a years of service model. When an employee with at least 90 days of service leaves the organization, unused vacation is paid out at the hourly equivalent of the current pay rate. Employees are allowed to accumulate unused vacation time up to a maximum of 30 days (225 hours). Therefore, a liability is recorded at the end of the fiscal year for the total amount of vacation unused at that time. As of June 30, 2022 and 2021 the accrued vacation liability was \$83,603 and \$140,602, respectively.

Credit Risk Concentration

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash in deposit accounts which may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any unusual credit risk.

Fair Value of Financial Instruments

Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures* defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. ASC 820 is effective for the Organization's financial assets and liabilities for the years ended June 30, 2022 and 2021. The estimated fair value amounts for specific groups of financial instruments are presented within the footnotes. Cash, accounts receivable, unconditional promises to give, accounts payable and accrued expenses are stated at cost, which approximates fair value, due to their short term to maturity.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets without donor restrictions, and net losses on endowment investments reduce that net asset class.

Income Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state law as a charitable organization whereby only unrelated business income, as defined by Section 509(a)(1) of the Code is subject to federal income tax.

**TRIDENT UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Income Tax Status – Continued

The Organization had no unrelated business income for the years ended June 30, 2022 and 2021. Therefore, no provision for income taxes was made. Management has evaluated the Organization's tax positions and concluded the Organization has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provision of this guidance. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Reclassifications

Certain amounts in the June 30, 2021 financial statements have been reclassified to conform with the June 30, 2022 presentation. These reclassifications had no effect on the reported results of operations.

NOTE B - LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2022 and 2021 are as follows:

| | <u>2022</u> | <u>2021</u> |
|--|---------------------|---------------------|
| Cash | \$ 5,461,393 | \$ 5,677,793 |
| Short term investments | 157,836 | 417,937 |
| Cash and cash equivalents | 5,619,229 | 6,095,730 |
| Accounts receivable | 931,643 | 124,193 |
| Contributions receivable, net | 1,496,880 | 2,235,851 |
| Investments | 9,832,921 | 10,790,956 |
| Total financial assets | <u>17,880,673</u> | <u>19,246,730</u> |
| Less financial assets held to meet donor-imposed restrictions: | | |
| Trident United Way Campaign | (1,342,555) | (2,071,474) |
| Other | (422,878) | (569,590) |
| In perpetuity | (467,528) | (467,528) |
| Less board-designated funds: | | |
| Operating/emergency reserve | (2,438,841) | (2,649,311) |
| Endowment | (5,687,474) | (6,376,699) |
| Community needs | (50,000) | (50,000) |
| Building reserve | (417,266) | (451,600) |
| Total financial assets with restrictions | <u>(10,826,542)</u> | <u>(12,636,202)</u> |
| Amount available for general expenditures within one year | <u>\$ 7,054,131</u> | <u>\$ 6,610,528</u> |

The above table reflects donor-restricted and board-designated funds as unavailable because it is the Organization's intention to invest those resources for the long-term support of the Organization.

**TRIDENT UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE B - LIQUIDITY AND AVAILABILITY OF RESOURCES – Continued

However, in the case of need, the Board of Directors could appropriate resources from the operating/emergency reserve for \$2,438,841, designated endowment for \$5,687,474, community needs for \$50,000 or building reserve for \$417,266.

NOTE C – INVESTMENTS

Long- and short-term investments consist of net assets with donor restrictions and without donor restrictions managed by Morgan Stanley Smith Barney LLC, including a stock gift account. All investments are stated at fair value. Investments comprise the following as of June 30:

| | <u>As of June 30, 2022</u> | | <u>As of June 30, 2021</u> | |
|--------------------------------|----------------------------|---------------------|----------------------------|---------------------|
| | <u>FMV</u> | <u>Cost</u> | <u>FMV</u> | <u>Cost</u> |
| Money market fund | \$ 121,609 | \$ 121,609 | \$ 292,044 | \$ 281,589 |
| Fixed income | 1,027,759 | 1,063,304 | 861,915 | 807,078 |
| Mutual funds – corporate bonds | 3,166,668 | 3,392,736 | 3,218,232 | 2,965,624 |
| Securities and security | 5,674,722 | 5,135,818 | 6,836,702 | 5,149,778 |
| | <u>\$ 9,990,758</u> | <u>\$ 9,713,467</u> | <u>\$ 11,208,893</u> | <u>\$ 9,204,069</u> |

Maturities for the above listed investments are listed below:

| <u>Maturity Range in Years</u> | <u>As of June 30, 2022</u> | <u>As of June 30, 2021</u> |
|--------------------------------|--------------------------------|--------------------------------|
| 3 months - 1 year | \$ 129,631 | \$ 417,937 |
| 1 - 5 years | 469,497 | 331,318 |
| 5-10 years | 301,903 | 293,481 |
| 10 years and beyond | 248,336 | 157,350 |
| Mutual Funds – corporate | 3,166,668 | 3,209,145 |
| Securities and security | 5,674,722 | 6,799,661 |
| Total Investments | <u>\$ 9,990,758</u> | <u>\$ 11,208,893</u> |

NOTE D – CONTRIBUTIONS RECEIVABLE

Contributions receivable have not been discounted as the campaign for the Trident United Way runs for one year. Total unconditional promises to give consist of the following as of June 30:

| | <u>Trident United Way Campaign</u> | |
|-----------------------------|------------------------------------|---------------------|
| | <u>2022</u> | <u>2021</u> |
| Beginning balance | \$ 2,235,851 | \$ 3,040,789 |
| Commitments made | 3,118,041 | 3,082,880 |
| Payments made | <u>(3,257,118)</u> | <u>(3,352,282)</u> |
| Balance before allowance | 2,096,774 | 2,771,387 |
| Allowance for uncollectible | <u>(599,894)</u> | <u>(535,536)</u> |
| Ending balance | <u>\$ 1,496,880</u> | <u>\$ 2,235,851</u> |

TRIDENT UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE D – CONTRIBUTIONS RECEIVABLE – Continued

An allowance for doubtful accounts is maintained based on management's internal reserve policies. Management's estimate of uncollectible pledges was 12% and 10% for the years ended June 30, 2022 and 2021, respectively.

NOTE E – FAIR VALUE MEASUREMENTS AND DISCLOSURES

Financial Accounting Standards Board (FASB) guidance establishes a fair-value hierarchy that distinguishes between assumptions based on market data (observable inputs) and the Organization's assumptions (unobservable inputs). Determining where an asset or liability falls in that hierarchy depends on the lowest-level input that is significant to the fair-value measurement as a whole.

FASB ASC 820, *Fair Value Measurements and Disclosures* establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value and maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). Trident United Way held no financial instruments that were valued using Level 3 measurements as of June 30, 2022 or 2021.

The three levels of fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs: Valuation based on quoted prices in active markets for identical assets or liabilities that a reporting entity can access at the measurements date and where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Inputs: Valuation based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, that is markets in which there are few transactions, prices are not current, or prices vary substantially over time.

Level 3 Inputs: Unobservable inputs for valuation of the asset or liability. Level 3 assets include investments for which there is little, if any, market activity. These inputs require significant management judgement or estimation. These financial instruments have inputs that cannot be validated by readily determinable market data and generally involve considerable judgement by management.

At June 30, 2022 and 2021, the Organization's investments were classified within Level 1 or 2 of the hierarchy.

**TRIDENT UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE E – FAIR VALUE MEASUREMENTS AND DISCLOSURES – Continued

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification pursuant to the valuation hierarchy. There have been no changes in the valuation methodologies used as of June 30, 2022 and 2021.

Money market funds: Valued at amortized cost which approximate fair value.

Bonds: Valued at the closing price reported in the active market in which the bond is traded or based on yields currently available on comparable securities of issuers with similar credit ratings.

Mutual funds: Valued using the Net Asset Value (NAV) based on the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market.

Equities: Valued at the closing price reported in the active market in which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative net realizable value or reflective of future fair values. Furthermore, although the organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the organization's assets measure at fair value at June 30, 2022 and 2021:

| Description | June 30, 2022 | | | |
|-----------------------------------|----------------------|---------------------|----------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Money market funds | \$ 121,609 | \$ - | \$ - | \$ 121,609 |
| Bonds | - | 1,027,759 | - | 1,027,759 |
| Mutual funds - corporate bonds | 3,166,668 | - | - | 3,166,668 |
| Securities and security | 5,674,722 | - | - | 5,674,722 |
| Total assets at fair value | \$ 8,962,999 | \$ 1,027,759 | \$ - | \$ 9,990,758 |

| Description | June 30, 2021 | | | |
|-----------------------------------|----------------------|-------------------|----------------|----------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Money market funds | \$ 287,482 | \$ - | \$ - | \$ 287,482 |
| Bonds | - | 861,915 | - | 861,915 |
| Mutual funds - corporate bonds | 3,218,232 | - | - | 3,218,232 |
| Securities and security | 6,841,264 | - | - | 6,841,264 |
| Total assets at fair value | \$ 10,346,978 | \$ 861,915 | \$ - | \$ 11,208,893 |

**TRIDENT UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE F - LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment for the years ended June 30, 2022 and 2021 consist of the following:

| | Beginning Balance July 1, 2021 | Additions | Disposition | Ending Balance June 30, 2022 |
|--------------------------------------|---|------------------|--------------------|---|
| Building and improvements | 2,954,386 | 33,100 | - | 2,987,486 |
| Equipment | 358,275 | 1,430 | - | 359,705 |
| Total depreciable assets | 3,312,661 | 34,530 | - | 3,347,191 |
| Less accumulated depreciation | (1,884,878) | (198,212) | - | (2,083,090) |
| Net depreciable assets | 1,427,783 | (163,682) | - | 1,264,101 |
| Land | 490,000 | - | - | 490,000 |
| Total land, buildings, and equipment | <u>1,917,783</u> | <u>(163,682)</u> | <u>-</u> | <u>1,754,101</u> |

| | Beginning Balance July 1, 2020 | Additions | Disposition | Ending Balance June 30, 2021 |
|--------------------------------------|---|---------------------|--------------------|---|
| Building and improvements | \$ 3,007,086 | \$ 37,052 | \$ (89,752) | \$ 2,954,386 |
| Equipment | 361,767 | 13,571 | (17,063) | 358,275 |
| Total depreciable assets | 3,368,853 | 50,623 | (106,815) | 3,312,661 |
| Less accumulated depreciation | (1,774,905) | (209,047) | 99,074 | (1,884,878) |
| Net depreciable assets | 1,593,948 | (158,424) | (7,741) | 1,427,783 |
| Land | 490,000 | - | - | 490,000 |
| Total land, buildings, and equipment | <u>\$ 2,083,948</u> | <u>\$ (158,424)</u> | <u>\$ (7,741)</u> | <u>\$ 1,917,783</u> |

Depreciation expense for the years ended June 30, 2022 and 2021 are \$198,212 and \$209,047, respectively.

NOTE G – ACCOUNTING FOR ENDOWMENTS

The Organization's endowment consists of funds established either by donors (referred to as donor-restricted endowment funds) and or by resources set aside by the Board of Directors to function as endowments (referred to as board-designated endowment funds). Donor-restricted endowment funds are further divided into those that provide a perpetual source of support for the organization's activities (referred to as perpetual endowments) and those that are restricted by donors to investment for a specific term (referred to as term endowments).

As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The state of South Carolina enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective July 1, 2008. UPMIFA establishes law for the management and investment of donor-restricted endowment funds. Donor-restricted endowment funds are subject to a time restriction imposed by UPMIFA until amounts are appropriated for expenditure by the organization.

**TRIDENT UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE G – ACCOUNTING FOR ENDOWMENTS - Continued

UPMIFA permits the organization to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund as it determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. In making its determination to appropriate or accumulate, the organization must act in good faith, with the care that an ordinary prudent person in a like position would exercise under similar circumstances, and it must consider, if relevant, the following factors:

- The duration and preservation of the endowment fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from the income and appreciation of investments
- Other resources of the organization
- The investment policy of the organization

The net asset composition for the endowment as of June 30, 2022 and 2021, are as follows:

| | 2022 | | |
|---|--|---|---------------------|
| | <i>Without Donor Restrictions</i> | <i>With Donor Restrictions</i> | <i>Total</i> |
| Type of Endowment Fund | | | |
| Donor-restricted funds | | | |
| Perpetual endowment | \$ - | \$ 467,528 | \$ 467,528 |
| Purpose restricted endowment | - | 158,050 | 158,050 |
| Board-designated endowment | 5,687,474 | - | 5,687,474 |
| Total subject to expenditure for a specified purpose: | <u>\$ 5,687,474</u> | <u>\$ 625,578</u> | <u>\$ 6,313,052</u> |
| | | | |
| | 2021 | | |
| | <i>Without Donor Restrictions</i> | <i>With Donor Restrictions</i> | <i>Total</i> |
| Type of Endowment Fund | | | |
| Donor-restricted funds | | | |
| Perpetual endowment | \$ - | \$ 467,528 | \$ 467,528 |
| Purpose restricted endowment | - | 276,688 | 276,688 |
| Board-designated endowment | 6,376,699 | - | 6,376,699 |
| Total subject to expenditure for a specified purpose: | <u>\$ 6,376,699</u> | <u>\$ 744,216</u> | <u>\$ 7,120,915</u> |

**TRIDENT UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE G – ACCOUNTING FOR ENDOWMENTS - Continued

Investment and Spending Policies

The Lane Tocqueville Legacy Circle Endowment fund was established on June 30, 2010. The endowment fund has a corpus of \$467,528, established from previous restricted revenue and scrap value from the obsolete railroad box cars. The earnings of the endowment are eligible to be drawn upon to support the operations of the organization at a rate of 5% of the annual balance of the endowment if the balance is above the original corpus amount. The accumulated earnings from the endowment are recorded as net assets with donor restrictions by purpose and the corpus of the endowment is recorded as net assets with donor restrictions perpetual in nature.

The Organization has an investment policy for the board-designed Trident United Way Endowment Fund, which is monitored by the Investment Committee of its Board of Directors. The investment policy describes the objective for the fund and sets ranges for asset allocation.

The objective of the board-designated endowment fund places the highest emphasis on providing annual cash infusions to operations to help supplement operating expenses. Therefore 20% of the fund is to be available and free from excessive market risk immediately after a crisis. To meet the growth target, it is understood that two-thirds (2/3) of the Fund are to be invested in medium and long-term investment strategies. Therefore, these dollars would be only used in the most significant circumstances in order to reduce the likelihood of underperformance and excessive deterioration of real principal during a stage of poor fund performances. The Endowment fund is a board-established sub-account to provide long-term support of the fundraising and administrative functions of the Organization through an established annual distribution. The rate changed from 5% to 4% as voted on by the Board of Directors on December 11, 2020. The distribution amount is calculated on the account value as of June 30 annually.

The following is a summary of the asset allocation guidelines, with allowable ranges for each asset type:

| <i>Asset Category</i> | <i>Target</i> | <i>Maximum</i> |
|----------------------------|---------------|----------------|
| Global Equity | 70% | 90% |
| Global Fixed Income & Cash | 20% | 40% |
| Real Asset/Real Return | 10% | 30% |
| Alternative Investments | 0% | 30% |

TRIDENT UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE G – ACCOUNTING FOR ENDOWMENTS - Continued

The changes in endowment net assets for the years ended June 30, 2022 and 2021, are as follows:

| | 2022 | | |
|--|--|---|---------------------|
| | <i>Without Donor Restrictions</i> | <i>With Donor Restrictions</i> | <i>Total</i> |
| Endowment net assets, July 1, 2021 | \$ 6,376,699 | \$ 744,216 | \$ 7,120,915 |
| Investment Return (Loss) | (710,475) | (81,656) | (792,131) |
| Contributions | 21,250 | - | 21,250 |
| Appropriation of endowment assets for expenditure - subject to distribution rates | - | (36,982) | (36,982) |
| Endowment net assets, June 30, 2022 | <u>\$ 5,687,474</u> | <u>\$ 625,578</u> | <u>\$ 6,313,052</u> |
| | 2021 | | |
| | <i>Without Donor Restrictions</i> | <i>With Donor Restrictions</i> | <i>Total</i> |
| Endowment net assets, July 1, 2020 | \$ 5,008,948 | \$ 590,838 | \$ 5,599,786 |
| Investment Return | 1,613,491 | 190,533 | 1,804,024 |
| Appropriation of endowment assets for expenditure - subject to distribution rates | (245,740) | (37,155) | (282,895) |
| Endowment net assets, June 30, 2021 | <u>\$ 6,376,699</u> | <u>\$ 744,216</u> | <u>\$ 7,120,915</u> |

NOTE H – PAYCHECK PROTECTION PROGRAM

During the year ended June 30, 2020, the Organization received a Paycheck Protection Program (PPP) loan of \$582,216 granted by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was enacted March 27, 2020. On April 15, 2020 the Organization received loan funds of \$582,216 with an interest rate of 1%. On February 1, 2021 the Organization submitted forgiveness documentation and loan forgiveness of \$582,216 plus \$5,838 of interest. The forgiveness application was approved on April 15, 2021.

During the year ended June 30, 2021, the Organization received a second PPP loan of \$596,870. On February 4, 2021 the Organization received loan funds of \$596,870 with an interest rate of 1%. On December 8, 2021 the Organization submitted forgiveness documentation and loan forgiveness of \$596,870 plus \$5,869 of interest. The forgiveness application was approved on March 11, 2022.

As of June 30, 2022 the Organization no longer has any liability to report on the statement of financial position for PPP loans.

**TRIDENT UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE I – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods are as follows:

| | <u>2022</u> | <u>2021</u> |
|--|---------------------|---------------------|
| Purpose restrictions: | | |
| Trident United Way Campaign | \$ 1,342,555 | \$ 2,071,474 |
| Other, Net | 422,878 | 569,590 |
| Total purpose restrictions | <u>\$ 1,765,433</u> | <u>\$ 2,641,064</u> |
| Perpetual in nature: | | |
| Endowment | \$ 467,528 | \$ 467,528 |
| Total endowments | <u>\$ 467,528</u> | <u>\$ 467,528</u> |
| Total net assets with donor restrictions | <u>\$ 2,232,961</u> | <u>\$ 3,108,592</u> |

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors are as follows:

| | <u>2022</u> | <u>2021</u> |
|--|---------------------|---------------------|
| Purpose or period restrictions accomplished: | | |
| Trident United Way Campaign | \$ 4,555,412 | \$ 5,013,516 |
| Other | 78,539 | 21,254 |
| Net assets released from restrictions | <u>\$ 4,633,951</u> | <u>\$ 5,034,770</u> |

NOTE J – POSTRETIREMENT BENEFITS

| <u>Organization Contributions</u> | <u>Percent</u> |
|-----------------------------------|----------------|
| Matching safe harbor | 0%-4% |
| Non-contributory discretionary | 1% |
| Total Organization Contribution | <u>1%-5%</u> |

401K Plan

The Organization has established a retirement plan formed under section 401(k) of the Internal Revenue Code, which covers substantially all employees. Participants in the plan may elect to make voluntary before-tax and/or after-tax contributions based on a percentage of their pay, subject to certain limitations set forth in the Internal Revenue Code of 1986, as amended.

During the years ended June 30, 2022 and 2021 the total matching safe harbor of up to 4 percent and a 1 percent non-contributory discretionary expenses were \$90,824 and \$107,341, respectively.

Deferred Compensation

The Organization provides deferred compensation to a former key employee. The assets are owned by the Organization until certain provisions of the plan are met by the employee. Deferred compensation liability for the years ended June 30, 2022 and 2021 was \$441,996 and \$524,933, respectively.

**TRIDENT UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE K – CONTRIBUTED NON-FINANCIAL ASSETS AND CONTRIBUTED SERVICES

Contributed Non-Financial Assets and Contributed Services

| 2022 | | | | |
|--------------------------------|---------------------------|--|---------------------------|--|
| Description | Revenue Recognized | Utilization in Programs/Activities | Donor Restrictions | Valuation Techniques and Inputs |
| Outdoor advertising | \$ 83,875 | Marketing & Communications | No donor restrictions | Value provided by entities that place media with traditional and digital billboards. |
| Radio, digital and other media | \$ 38,800 | Marketing & Communications | No donor restrictions | Value provided by entities that place media with television, radio and social media platforms. Values are based on time of airing, length of airing and/or website "hits" based on readily determinable values in the media space. |
| Backpacks | \$ 2,500 | Young Leader's United Back to School Supply Drive | No donor restrictions | Estimated value based on like items available for purchase on Amazon.com. |
| 2021 | | | | |
| Description | Revenue Recognized | Utilization in Programs/Activities | Donor Restrictions | Valuation Techniques and Inputs |
| Outdoor advertising | \$ 148,197 | Marketing & Communications | No donor restrictions | Value provided by entities that place media with traditional and digital billboards. |
| Radio, digital and other media | \$ 56,120 | Marketing & Communications | No donor restrictions | Value provided by entities that place media with television, radio and social media platforms. Values are based on time of airing, length of airing and/or website "hits" based on readily determinable values in the media space. |
| Newspaper advertising | \$ 10,000 | Marketing & Communications; Sing United; Day of Caring | No donor restrictions | Value provided by entity publishing newspaper and based on current trade rates. |
| Services | \$ 8,250 | Sing United | No donor restrictions | Values provided by entities providing services based on current rates for similar services. |

TRIDENT UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE L – BUILDING LEASES

The Organization rents part of its building under multi-year lease contracts. Rental income is used exclusively to maintain the building and no donor funds are used for this purpose.

Estimated future rental income under the current leases as of June 30, 2022:

| | | |
|------|----|---------|
| 2023 | \$ | 200,211 |
| 2024 | | 96,059 |
| 2025 | | 22,838 |

NOTE M – RELATED PARTY TRANSACTIONS

One member of the Board of Directors is a key staff member at a bank that the Organization uses for a deposit account. The amounts held as deposits total \$887,388 and \$604,372 as of June 30, 2022 and 2021, respectively.

One member of the Board of Directors is a key staff member at a bank that the Organization uses for the Paycheck Protection Program loans from the Small Business Association of \$0 and \$596,870 as of June 30, 2022 and 2021, respectively.

NOTE N – CREDIT RISK

Financial instruments that potentially subject the Organization to credit risk consist principally of cash at financial institutions and investments. At times, the balances in cash accounts may be in excess of FDIC insurance limits. The unlimited coverage is separate from, and in addition to, the insurance coverage provided for a depositor's other accounts held at an FDIC-insured bank. Management continuously monitors the Organization's balances at financial institutions and invests excess operating cash in short-term investments.

Trident United Way maintains its cash accounts at various local banks. The cash in these accounts is guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank at June 30, 2022 and 2021.

At June 30, 2022 and 2021, total cash held by the local banks totaled \$5,549,394 and \$5,762,456, of which \$5,049,394 and \$5,262,456 were unsecured, respectively. The Organization has not experienced any losses in such accounts and believes it is not exposed to significant credit risk on its cash and cash equivalents.

The Organization also has cash (money market funds) held in an investment account with Morgan Stanley. The cash in this account is held in the trust department of Morgan Stanley and is not insured by the Securities Investor Protection Corporation (SIPC) or FDIC coverage.

TRIDENT UNITED WAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE N – CREDIT RISK – Continued

At June 30, 2022 and 2021, the total cash held by Morgan Stanley for the Organization was \$116,342 and \$287,482, respectively.

NOTE O – RISKS AND UNCERTAINTIES

The Organization invests in various investment instruments such as money market funds, fixed income, mutual funds and equities. Investment securities, in general, are exposed to various risks such as interest rate, credit and overall market volatility. Market risks include global events which could impact the value of investment securities, such as a pandemic or international conflict. 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 such changes could materially affect the amounts reported in the financial statements.

The impact on the accompanying financial statements of the COVID-19 outbreak cannot be readily determined. Financial markets, distribution networks and the ultimate impact of this outbreak on the financial operations of the Organization are difficult to assess and predict. The Organization is taking steps to mitigate the impact of the outbreak, but the ultimate success of this endeavor cannot be predicted.

NOTE P - SUBSEQUENT EVENTS

In accordance with ASC 855, the Organization evaluated subsequent events through the report date and has concluded no significant events meet the criteria of the professional accounting standards to be recognized or not recognized but disclosed in the financial statements.