

**UNITED WAY OF THE
COASTAL EMPIRE, INC.**

**Financial Statements
and
Independent Auditor's Report**
For the Years ended June 30, 2022 and 2021

United Way of the Coastal Empire, Inc.

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Independent Auditor's Report

The Board of Directors
United Way of the Coastal Empire, Inc.
Savannah, Georgia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of United Way of the Coastal Empire, Inc. (United Way) (a nonprofit organization), 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 financial statements present fairly, in all material respects, the financial position of United Way of the Coastal Empire, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our 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 United Way'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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report December 08, 2022, on our consideration of United Way's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of United Way's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way's internal control over financial reporting and compliance.

Hancock Asken & Co., LLP

Savannah, Georgia
December 08, 2022

United Way of the Coastal Empire, Inc.

Statements of Financial Position

June 30,	2022	2021
ASSETS		
Cash and cash equivalents	\$ 1,367,933	\$ 1,678,484
Campaign receivables, net of allowance for uncollectible accounts of \$398,685 and \$402,042, respectively	2,288,080	1,991,521
Other receivables	840	28,616
Prepaid expenses	113,306	100,167
Certificates of deposit	109,293	108,879
Beneficial interests	20,844,075	19,960,690
Other assets	123,050	99,677
Property and equipment, net	1,591,448	1,634,358
Total assets	\$ 26,438,025	\$ 25,602,392
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 133,609	\$ 208,781
Accrued expenses	90,159	68,873
Deferred revenues	2,302	7,242
Allocations payable	-	8,640
Due to designated agencies	255,440	73,014
Funds held for disposition	368,658	590,120
Total liabilities	850,168	956,670
Net assets		
Without donor restrictions	4,589,683	4,391,921
With donor restrictions	20,998,174	20,253,801
Total net assets	25,587,857	24,645,722
Total liabilities and net assets	\$ 26,438,025	\$ 25,602,392

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

United Way of the Coastal Empire, Inc.

Statements of Activities

For the year ended June 30,

2022

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Campaign support and revenue			
Campaign support			
Annual campaign	\$ 6,666,189	\$ 34,266	\$ 6,700,455
Less designations	(1,327,809)	-	(1,327,809)
Less current year provision for uncollectibles	(360,682)	-	(360,682)
Net campaign support	4,977,698	34,266	5,011,964
Revenues, gains, and other support			
Contributions	959,404	-	959,404
Grants	713,155	-	713,155
In-kind contributions	473,232	-	473,232
Special events and miscellaneous	129,374	-	129,374
Administrative income	417,544	-	417,544
Rental income	109,154	-	109,154
Investment income, net	15,403	847,956	863,359
Total other revenues, gains, and other support	2,817,266	847,956	3,665,222
Net assets released from restriction	137,849	(137,849)	-
	7,932,813	744,373	8,677,186
Allocations and expenses			
Community fund allocations	3,363,000	-	3,363,000
Community service expenses	1,782,988	-	1,782,988
Administrative and fundraising expenses	2,589,063	-	2,589,063
Total allocations and functional expenses	7,735,051	-	7,735,051
Change in net assets	197,762	744,373	942,135
Net assets, beginning of year	4,391,921	20,253,801	24,645,722
Net assets, end of year	\$ 4,589,683	\$ 20,998,174	\$ 25,587,857

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

United Way of the Coastal Empire, Inc.

Statements of Activities (cont.)

For the year ended June 30,

2021

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Campaign support and revenue			
Campaign support			
Annual campaign	\$ 6,614,907	\$ -	\$ 6,614,907
Less designations	(1,478,748)	-	(1,478,748)
Less current year provision for uncollectibles	(391,676)	-	(391,676)
Net campaign support	4,744,483	-	4,744,483
Revenues, gains, and other support			
Contributions	860,932	114,429	975,361
Grants	2,000	-	2,000
In-kind contributions	386,030	-	386,030
Special events and miscellaneous	40,693	-	40,693
Administrative income	408,039	-	408,039
Rental income	120,070	-	120,070
Investment income, net	5,453	1,444,175	1,449,628
Gain on PPP loan forgiveness	396,700	-	396,700
Total other revenues, gains, and other support	2,219,917	1,558,604	3,778,521
Net assets released from restriction	277,948	(277,948)	-
	7,242,348	1,280,656	8,523,004
Allocations and expenses			
Community fund allocations	1,611,975	-	1,611,975
Community service expenses	1,894,217	-	1,894,217
Administrative and fundraising expenses	2,074,734	-	2,074,734
Total allocations and functional expenses	5,580,926	-	5,580,926
Change in net assets	1,661,422	1,280,656	2,942,078
Net assets, beginning of year	2,730,499	18,973,145	21,703,644
Net assets, end of year	\$ 4,391,921	\$ 20,253,801	\$ 24,645,722

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

United Way of the Coastal Empire, Inc.

Statements of Functional Expenses

For the year ended June 30, 2022

	Allocations		Community Service Expenses			Administrative and Fundraising Expenses				Total Allocations & Functional Expenses
	Allocations	Program Services	Community Investments	Total Community Services	Communications	Resource Development (Fundraising)	Management & General	Total Administrative & Fundraising Expenses		
Community fund allocations	\$ 3,363,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3,363,000
Total allocations	3,363,000	-	-	-	-	-	-	-	-	3,363,000
Salaries	-	850,454	159,354	1,009,808	172,711	322,341	417,510	912,562	1,922,370	
Employee benefits	-	154,114	28,837	182,951	30,332	68,182	21,407	119,921	302,872	
Payroll taxes	-	55,940	10,434	66,374	9,942	19,547	25,314	54,803	121,177	
Total compensation	-	1,060,508	198,625	1,259,133	212,985	410,070	464,231	1,087,286	2,346,419	
Bank/credit card fees	-	-	-	-	-	13,454	9,715	23,169	23,169	
Professional fees	-	99,481	4,592	104,073	35,967	55,256	181,233	272,456	376,529	
Office supplies	-	3,573	19	3,592	516	863	7,381	8,760	12,352	
Telephone	-	36,986	5,690	42,676	2,845	5,690	5,690	14,225	56,901	
Postage	-	13	34	47	-	5,930	5,865	11,795	11,842	
Building expense	-	56,547	3,858	60,405	7,716	11,924	110,939	130,579	190,984	
Insurance	-	-	-	-	-	-	34,404	34,404	34,404	
Software and equipment maintenance	-	8,118	10,129	18,247	3,278	1,221	40,109	44,608	62,855	
Printing/publications	-	7,893	435	8,328	16,309	15,352	8,750	40,411	48,739	
Mileage	-	6,340	165	6,505	306	1,357	5,678	7,341	13,846	
Conferences and meetings	-	2,781	837	3,618	2,909	3,056	14,022	19,987	23,605	
Subscription and dues	-	7,976	38	8,014	7,476	2,493	43,540	53,509	61,523	
Staff replacement	-	2,098	722	2,820	601	263	2,301	3,165	5,985	
Advertising and promotion	-	7,612	84	7,696	9,257	3,459	899	13,615	21,311	
In-kind advertising	-	-	-	-	473,232	-	-	473,232	473,232	
United Way Worldwide dues	-	-	-	-	-	-	165,615	165,615	165,615	
Direct service expenses	-	130,898	700	131,598	-	-	7,233	7,233	138,831	
Special events	-	124,959	844	125,803	7,969	21,641	4,060	33,670	159,473	
Special projects	-	433	-	433	-	828	7,510	8,338	8,771	
Total before depreciation	3,363,000	1,556,216	226,772	1,782,988	781,366	552,857	1,119,175	2,453,398	7,599,386	
Loss on asset disposal	-	-	-	-	-	-	4,360	4,360	4,360	
Depreciation	-	-	-	-	-	-	131,305	131,305	131,305	
Total expenses	\$ 3,363,000	\$ 1,556,216	\$ 226,772	\$ 1,782,988	\$ 781,366	\$ 552,857	\$ 1,254,840	\$ 2,589,063	\$ 7,735,051	

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

United Way of the Coastal Empire, Inc.

Statements of Functional Expenses (cont.)

For the year ended June 30, 2021

	Community Service Expenses			Administrative and Fundraising Expenses					Total Allocations & Functional Expenses
	Allocations	Program Services	Community Investments	Total Community Services	Communications	Resource Development (Fundraising)	Management & General	Total Administrative & Fundraising Expenses	
Community fund allocations	\$ 1,611,975	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,611,975
Total allocations	1,611,975	-	-	-	-	-	-	-	1,611,975
Salaries	-	788,031	185,698	973,729	123,382	362,534	322,592	808,508	1,782,237
Employee benefits	-	181,671	43,391	225,062	28,534	123,567	69,454	221,555	446,617
Payroll taxes	-	57,526	13,466	70,992	8,401	27,666	23,674	59,741	130,733
Total compensation	-	1,027,228	242,555	1,269,783	160,317	513,767	415,720	1,089,804	2,359,587
Bank/credit card fees	-	113	-	113	-	144	11,373	11,517	11,630
Professional fees	-	112,659	5,500	118,159	20,264	9,665	61,240	91,169	209,328
Office Supplies	-	3,078	178	3,256	567	791	14,595	15,953	19,209
Telephone	-	16,042	711	16,753	690	2,650	13,945	17,285	34,038
Postage	-	371	-	371	13	3,258	3,830	7,101	7,472
Building expense	-	94,291	7,654	101,945	6,708	11,112	99,373	117,193	219,138
Insurance	-	-	-	-	-	-	11,726	11,726	11,726
Software and equipment maintenance	-	26,091	5,830	31,921	7,669	5,884	26,523	40,076	71,997
Printing/publications	-	3,098	124	3,222	22,782	21,022	4,705	48,509	51,731
Mileage	-	12,581	428	13,009	2,591	5,202	4,354	12,147	25,156
Conferences and meetings	-	2,025	311	2,336	1,798	2,122	6,520	10,440	12,776
Subscription and dues	-	6,035	-	6,035	-	746	11,786	12,532	18,567
Staff replacement	-	4,085	261	4,346	651	17	2,272	2,940	7,286
Advertising and promotion	-	6,543	779	7,322	18,127	4,816	11,317	34,260	41,582
In-kind advertising	-	-	-	-	386,030	-	-	386,030	386,030
United Way Worldwide dues	-	70,010	14,117	84,127	14,013	14,328	13,487	41,828	125,955
Direct service expenses	-	150,496	61,755	212,251	-	-	-	-	212,251
Special events	-	2,510	763	3,273	18,748	1,971	1,923	22,642	25,915
Special projects	-	-	15,995	15,995	-	-	-	-	15,995
Total before depreciation	1,611,975	1,537,256	356,961	1,894,217	660,968	597,495	714,689	1,973,152	5,479,344
Depreciation	-	-	-	-	-	-	101,582	101,582	101,582
Total expenses	\$ 1,611,975	\$ 1,537,256	\$ 356,961	\$ 1,894,217	\$ 660,968	\$ 597,495	\$ 816,271	\$ 2,074,734	\$ 5,580,926

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

United Way of the Coastal Empire, Inc.

Statements of Cash Flows

<i>For the years ended June 30,</i>	2022	2021
Operating activities		
Change in net assets	\$ 942,135	\$ 2,942,078
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	131,305	101,582
Loss on disposal of assets	4,360	-
Decrease in allowance for doubtful pledges	3,357	10,370
Unrealized appreciation of investments and beneficial interests	(848,370)	(1,446,034)
Gain on PPP loan forgiveness	-	(396,700)
Increase in cash surrender value of donated life insurance policy	(23,373)	(11,442)
Changes in		
Campaign receivable	(299,916)	729,345
Other receivables	27,776	12,057
Prepaid expenses	(13,139)	24,254
Accounts payable	(75,172)	117,729
Accrued expenses	21,286	(2,180)
Deferred revenues	(4,940)	7,242
Allocations payable	(8,640)	(1,819,941)
Due to designated agencies	182,426	(582,810)
Funds held for disposition	(221,462)	(35,920)
Cash used in operating activities	(182,367)	(350,370)
Investing activities		
Purchases of investments	(114,429)	-
Proceeds from sales and maturities of investments	79,000	-
Purchases of property and equipment	(92,755)	(159,121)
Cash used in investing activities	(128,184)	(159,121)
Decrease in cash	(310,551)	(509,491)
Cash and cash equivalents, beginning of year	1,678,484	2,187,975
Cash and cash equivalents, end of year	\$ 1,367,933	\$ 1,678,484

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

United Way of the Coastal Empire, Inc.

Notes to Financial Statements

1. Nature of Activities

The mission of United Way of the Coastal Empire, Inc. (United Way or the Organization) is to improve lives by mobilizing the caring power of communities. The United Way provides voluntary leadership for a network of organizations and individuals, which assesses human service needs, develops resources to meet those needs and assures their effective use for the well-being of the people it serves. The United Way provides an organizational structure to conduct an annual fundraising campaign which benefits numerous human service programs. While a major function of United Way is the raising of funds and allocation of funds to the programs of other agencies, the United Way also provides direct programs such as 2-1-1, Hands on Savannah, United Way Volunteers and various client services at the Bryan, Effingham, and Liberty locations.

2. Summary of Significant Accounting Policies

Basis of Presentation

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

Net Assets

United Way reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

Net assets with donor restrictions contain donor-imposed restrictions stipulating those resources either be maintained until a specified date, be maintained in perpetuity, or be used for a specified purpose. Resources that must be maintained in perpetuity are considered endowment funds and unless specifically restricted by the donor, the earnings on investments are available to be used at the discretion of the Board of Directors. All other net assets with donor restrictions that are not perpetual in nature contain donor-imposed restrictions that permit United Way to use or expend the donated assets as specified. The restriction is satisfied either by the passage of time or by actions of the United Way.

Net assets without donor restrictions include all resources that are not subject to donor-imposed restrictions. Certain of these resources have been designated by United Way's Board of Directors for specific purposes and are disclosed in Note 6. The Board of Directors can release these designations at its discretion. All other unrestricted resources are included in undesignated net assets without donor restriction.

Public Support

Contributions, including unconditional promises to give and grants, are recognized as revenue in the period the contributions or the unconditional promise is received. Unconditional promises to give that are expected to be collected within one year are reported at their net realizable value. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

Contributions and grants received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in purpose restricted, time restricted, or perpetual in nature, depending on the nature of the restriction. When a restriction expires (that is when a stipulated time restriction ends, or purpose restriction is accomplished) restricted net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are satisfied within the same reporting period are reported as net assets without donor restrictions in that period.

2. Summary of Significant Accounting Policies (cont.)

Contributed Nonfinancial Assets

In September 2020, The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The purpose of ASU 2020-07 is to clarify the presentation and disclosure of contributed nonfinancial assets (in-kind contributions) with an intention to provide the reader of the financial statements a clearer understanding of what type of nonfinancial assets were received and how they are used and recognized by the Organization. ASU 2020-07 is applied on a retrospective basis and was effective for United Way beginning in 2022.

In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. United Way benefits from donated advertising promoting the Organization's annual campaign and programs from local media providers. The donated advertising received was recognized at fair valued based on the prevailing rates of the media companies broadcasting the announcements. The value of these donated services were \$473,232 and \$386,030 during the years ended June 30, 2022 and 2021, respectively. These amounts have been reported as both in-kind contribution revenue without donor restriction and in-kind advertising expense on the statements of activities and functional expenses.

The Organization recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

A number of volunteers have contributed significant amounts of time to United Way's program services and its fundraising campaign; however, no amounts have been reflected in the accompanying financial statements for such contributed services as the services do not meet the criteria for recognition as contributions under accounting principles generally accepted in the United States of America.

Revenue Recognition

United Way follows FASB guidance on Revenue from Contracts with Customers (Topic 606). The Organization's revenue streams that are accounted for as exchange transactions within the scope of ASC 606 mainly include administrative income.

The majority of administrative income recognized by United Way in fiscal years 2022 and 2021 related to the management of Emergency Rental Assistance funds (ERA) and Coronavirus Aid, Relief, and Economic Security Act (CARES) funds on behalf of Chatham County and the City of Savannah. In exchange for the management of these funds within program provisions, United Way earned a percentage fee to defray administrative costs. During 2022 and 2021 funds were periodically disbursed to United Way, at which point the Organization recognized income relative to the amount of funds under their care.

The majority of United Way's revenues are unconditional contributions and investment income, which are not included in the scope of ASC 606.

The Organization also periodically receives advance payments for tenant rents at their Savannah, Georgia headquarters and Effingham County service center, which results in deferred revenue (contract liabilities) on the statement of financial position. Lease income is not included within the scope of ASC 606. Deferred revenues represent consideration received from the lessee prior to the satisfaction of the related performance obligation. The deferred revenue is relieved as (or when) the performance obligation is satisfied. Other Receivables (contract assets) represent amounts due from tenants for circumstances in which the performance obligation has already been satisfied but payment has not yet been received.

2. Summary of Significant Accounting Policies (cont.)

Pledges Receivable and Allowance for Uncollectable Pledges

Pledges receivable represent the balance of annual United Way campaign receivables at fiscal year-end. All pledges are due within one year. The allowance for uncollectible pledges is computed as a percent of annual campaign pledges received. This percentage is based on historical figures and current local economic conditions.

Funds Due to Designated Agencies and Funds Held for Disposition

Overall campaign results are reduced by contributions that are fundraised by United Way, but the donor has specified another non-profit organization as the beneficiary. The United Way is considered an agent for these designated organizations and, as such, treats the pledges as liabilities to those non-profits.

The United Way has also entered into agreements with certain local organizations to hold and administer funds on their behalf. In certain instances, the United Way may recognize a fee relative to the management of these funds based on the provisions of the respective agreement. These funds held for disposition are reported as liabilities on the statement of financial position. The receipt of these funds by United Way are not reported in the results of the annual campaign.

Cash and Cash Equivalents

United Way considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Beneficial Interest Agreements

United Way has a beneficiary interest in the Herschel Jenkins Trust accounted for in net assets with donor restrictions as a Charitable Foundation Beneficial Interest in a perpetual trust. The interest is irrevocable, and the underlying assets are held by a third party. The fair value recognized on the date the interest was initially determined, was calculated using a discount rate which approximates the rate of return on similar securities. Fair value is calculated annually and changes in the fair value are recognized as increases or decreases in investment income with donor restrictions in the statement of activities. Distributions taken from the Trust are reported in contributions without donor restrictions. See Note 3 for a further discussion on the Herschel Jenkins Trust.

United Way is the beneficiary of certain funds held and administered by Savannah Community Foundation, Inc. (SCF), a local community foundation. One of the funds at SCF contains the endowment described below. Funds invested with SCF are not subject to the control or direction of the United Way. The funds represent pooled investments accounted for as beneficial interests. The beneficial interests held with SCF are reported on the statement of financial position at fair value. United Way's estimated fair value is based on fair value information received from the community foundation. Net appreciation or depreciation in the fair value of these pooled investments are reported in investment income in net assets with donor restrictions in the statement of activities.

Endowment

The endowment consists of funds received from the E.J. & E.M. Derst Charitable Remainder Annuity Trust (Derst Trust). The Derst Trust stipulated that the funds received by United Way in 2021 be maintained in perpetuity and that the earnings of those funds are to be spent for capital improvements. In 2022, United Way invested the funds received from the Derst Trust with SCF. The endowment funds are held in pooled investment accounts at SCF similar to other United Way funds held with SCF and are reported as beneficial interests on the statement of financial position.

United Way of the Coastal Empire, Inc.

Notes to Financial Statements

2. Summary of Significant Accounting Policies (cont.)

Certificates of Deposit

Certificates of deposits are reported at cost plus accrued interest, which approximates fair value.

Fair Value

United Way applies the U.S. GAAP authoritative guidance for *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value and requires certain disclosures about fair value measurements used to measure fair value.

The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

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

Tax Status

United Way has been recognized by the Internal Revenue Service (IRS) as exempt from federal tax under Section 501(c)(3) of the U.S. Internal Revenue Code, except for taxes on activities unrelated to its exempt purpose. Accordingly, no provision for income taxes has been made in the accompanying financial statements. Accounting principles generally accepted in the United States of America require management to evaluate the tax positions taken by United Way and recognize a tax liability (or asset) if the Organization has an uncertain tax position that more likely than not would not be sustained upon examination by the IRS. Management has concluded that as of June 30, 2022, there are no uncertain tax positions taken or expected to be taken by United Way that would require recognition of a liability (or asset) or disclosure in the financial statements. Management believes that it is no longer subject to income tax examinations for years beginning prior to 2019.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. United Way capitalizes expenditures on capital assets greater than \$1,000 and the purchase benefits more than one year. The basis of evaluation for depreciable assets is cost if purchased or fair value if contributed. Depreciation is computed using the straight-line method over the estimated useful lives of the property and equipment as follows:

	Years
Buildings	39
Building improvements	3 – 39
Equipment and fixtures	3 – 10

2. Summary of Significant Accounting Policies (cont.)

Property and Equipment (cont.)

Donations of property and equipment are reported as net assets without donor restrictions unless the donor has restricted the asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulation regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

United Way reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable.

Prepaid Expenses and Other Assets

Prepaid expenses generally include in-advance expenditures related to organizational insurance policies and software licenses. These expenditures are amortized over their contract terms. United Way is also a beneficiary of a donated life insurance policy. The cash surrender value of this policy is reported in other assets on the statement of financial position. See Note 8 for additional information on this policy.

Functional Allocation of Expenses

The statement of functional expenses presents expense by function and natural classification. Expenses directly attributable to a specific functional area of United Way are reported as expenses of those functional areas. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are compensation and benefits, which are allocated on the basis of estimates of time and effort; building expenses, insurance, equipment maintenance, professional fees, and miscellaneous expenses, which are allocated based on usage.

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results in the future could differ from those estimates.

Risks and Uncertainties

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

Reclassification

Certain reclassifications of prior year amounts have been made to conform with the current year presentation.

United Way of the Coastal Empire, Inc.

Notes to Financial Statements

3. Herschel Jenkins Trust

In his last will and testament, Herschel V. Jenkins, one of the original founders of the United Way of the Coastal Empire Inc., established a trust known as the Herschel Jenkins Irrevocable TUW III(5) (Herschel Jenkins Trust). Bank of America, N.A. (the Trustee) was named to serve as Trustee. United Way was named the primary beneficiary of the Trust. Under the terms of the will, the Trustee will invest the Trust's assets and will pay proceeds from the net income of the Trust to the beneficiaries at least annually. The Trust distributes approximately \$1,500 of its income to other organizations annually, and United Way is entitled to the remainder of the income from the Trust. Disbursements are generally used to defray administrative costs of the Organization.

The underlying assets held and invested by the Trustee are various equity securities, bonds and other investments chosen at the discretion of the Trustee, United Way records only one asset, the beneficial interest in the trust, The beneficial interest is classified as a level three asset in the valuation hierarchy. The fair value is measured by the net present value of the expected future distributions from the Trust. During 2022 and 2021, the calculation assumed a long-term return on assets of 7% and long-term inflation rate of 3% for a net capitalization rate applied to trailing trust income of 4%. On June 30, 2022 and 2021, the estimated fair value of the United Way's interest in the Trust was \$20,460,000 and \$19,600,000, respectively. It is reasonably possible that a change in this estimate of value will occur in the next year. The original value of the corpus of the Trust at the time of the bequest was \$15,000,000 and is recorded as permanently restricted net assets. United Way's beneficial interest, which exceeds this original bequest, is recorded as temporarily restricted as such amount represented undistributed investment earnings. This was \$5,460,000 and \$4,600,000 at June 30, 2022 and 2021, respectively.

The United Way is entitled to all income from the trust each year after the small distributions to other organizations, however, has historically had an agreement with the Trustee whereby annual distributions are determined by the Trustee and are calculated based on a 3-year average of the Trust's fair value of assets. The distribution rate in effect for United Way during the year ended June 30, 2022 and 2021 was 4%. During 2022 and 2021, United Way received \$959,404 and \$860,932, respectively, in distributions from the Trust, which are reported as contributions without donor restriction on the statements of activities.

4. Property and Equipment

Property and equipment consist of the following:

<i>June 30,</i>	2022	2021
Land	\$ 190,000	\$ 190,000
Building and improvements	3,384,758	3,334,734
Equipment and fixtures	630,016	595,846
	4,204,774	4,120,580
Less: accumulated depreciation	(2,613,326)	(2,486,222)
Net property and equipment	\$ 1,591,448	\$ 1,634,358

Depreciation expense for property was \$131,305 and \$101,582 for the years ending June 30, 2022 and 2021, respectively.

United Way of the Coastal Empire, Inc.

Notes to Financial Statements

5. Fair Value of Financial Instruments

Valuation Hierarchy

The following tables present assets that are measured at fair value on a recurring basis as of the end of the reporting period.

<i>June 30, 2022</i>	Level 1	Level 2	Level 3	Total
Assets				
Certificates of deposit	\$ 109,293	\$ -	\$ -	\$ 109,293
Beneficial interests in assets held by others	-	-	20,844,075	20,844,075
Total assets measured at fair value	\$ 109,293	\$ -	\$ 20,844,075	\$ 20,953,368

<i>June 30, 2021</i>	Level 1	Level 2	Level 3	Total
Assets				
Certificates of deposit	\$ 108,879	\$ -	\$ -	\$ 108,879
Beneficial interests in assets held by others	-	-	19,960,690	19,960,690
Total assets measured at fair value	\$ 108,879	\$ -	\$ 19,960,690	\$ 20,069,569

The beneficial interest from the Herschel Jenkins Trust is a Level 3 asset. The assets are valued using the income approach by discounting the expected future payments from the Trust. Savannah Community Foundation holds pooled investment accounts, including the Derst Endowment, for United Way that are classified as beneficial interests. The assets are valued based on the United Way's percentage of marketable securities invested by the pooled account.

United Way's beneficial interest in funds held at the Savannah Community Foundation are considered by United Way to be Level 3 investments because they represent receivables to be paid from the investments managed by Savannah Community Foundation. Investment management fees deducted from the funds held at the Savannah Community Foundation during 2022 and 2021 were \$3,105 and \$3,152, respectively.

In some cases, inputs used to measure fair value might fall in different levels of the fair value hierarchy. In such cases, the level within which the assets falls is determined based on the lowest level input that is significant to the asset in its entirety. Assessing the significance of a particular input to the asset in its entirety requires judgment and considers factors specific to the asset. The categorization of an asset within the hierarchy is based on the pricing transparency of the asset and does not necessarily correspond to the United Way's perceived risk of liquidity for that asset.

United Way of the Coastal Empire, Inc.

Notes to Financial Statements

5. Fair Value of Financial Instruments (cont.)

The table below sets forth a summary of changes in the fair value of United Way's Level 3 investment assets for the years ended June 30, 2022 and 2021.

Level 3 Investment Assets				
		Herschel Jenkins Trust	Savannah Community Foundation Funds*	Total Beneficial Interests
Balance, July 1, 2020	\$	18,240,000	\$ 276,516	\$ 18,516,516
Net investment return		2,220,932	84,174	2,305,106
Distributions		(860,932)	-	(860,932)
Balance, June 30, 2021		19,600,000	360,690	19,960,690
Contributions		-	114,429	114,429
Net investment return		1,819,404	(12,044)	1,807,360
Distributions		(959,404)	(79,000)	(1,038,404)
Balance, June 30, 2022	\$	20,460,000	\$ 384,075	\$ 20,844,075

*Savannah Community Foundation activity includes the funds associated with the Derst Endowment.

The following table presents the qualitative information about the unobservable inputs used in the recurring Level 3 measurements:

June 30, 2022	Fair Value	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Beneficial interests in assets held by others	\$ 20,844,075	Fair value of underlying assets	Timing of realization	N/A
June 30, 2021				
Beneficial interests in assets held by others	\$ 19,960,690	Fair value of underlying assets	Timing of realization	N/A

6. Board Designated Net Assets

Certain of United Way's net assets without donor restrictions have been designated by the Board of Directors for the following purposes:

June 30,	2022	2021
Agency Emergency Fund	\$ 15,756	\$ 20,756
Agency Capacity Building	11,310	12,466
Breakthrough Opportunities	37,033	49,033
Total board designated net assets	\$ 64,099	\$ 82,255

United Way of the Coastal Empire, Inc.

Notes to Financial Statements

7. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following:

<i>June 30,</i>	2022	2021
Women United	\$ 17,332	\$ 25,734
Hands on Savannah	35,816	36,958
211 Funds	70,870	53,137
Plentiful Food Pantry	1,715	-
Child Sex Trafficking Task Force	-	8,487
Liberty Backpack Buddy Program	5,580	24,319
Backpacks of Love – Bryan County	5,197	-
Read United	742	13,200
Richardson Prostate Cancer Fund	15,857	14,115
Gynecologic Cancer Fund	990	990
Serenity Garden Fund	-	1,742
Total purpose restricted net assets	154,099	178,682
Herschel Jenkins Trust Cumulative Earnings	5,460,000	4,600,000
Savannah Community Foundation Beneficial Interest (non-endowment funds)	273,252	360,690
Total temporarily restricted net assets	5,887,351	5,139,372
Herschel Jenkins Trust Corpus	15,000,000	15,000,000
Derst Endowment	110,823	114,429
Total permanently restricted net assets	15,110,823	15,114,429
Net assets with donor restrictions	\$ 20,998,174	\$ 20,253,801

Endowment

The endowment consists of funds received from the Derst Trust as described in Note 2. The trust stipulated that the \$114,429 in funds received by United Way in 2021 be maintained in perpetuity and that the earnings of those funds are to be spent for capital improvements. In 2022, United Way invested the funds received from the trust with the Savannah Community Foundation.

Interpretation of Relevant Law

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

7. Net Assets with Donor Restrictions (cont.)

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

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

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that United Way must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested with the Savannah Community Foundation in a manner that is intended to produce long-term capital growth while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term return objectives, United Way relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

In establishing the endowment fund with Savannah Community Foundation, the United Way has agreed to a policy of appropriating for distributions of accumulated investment earnings each year, generally up to 5%. This calculation is based on the investment fund's average fair value over the prior three years preceding the fiscal year in which the distribution is planned. Additional distributions may be authorized with the consent of the Board of Directors and the Savannah Community Foundation. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long-term, United Way expects the current spending policy to allow its endowment to grow annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the applicable state law requires United Way to maintain as corpus. United Way has interpreted UPMIFA to prohibit spending from underwater endowments in accordance with prudent measures required under law. As of June 30, 2022, the donor-restricted endowment fund had a fair value below corpus equal to \$3,606. There were no appropriations from underwater endowment funds during 2022.

United Way of the Coastal Empire, Inc.

Notes to Financial Statements

7. Net Assets with Donor Restrictions (cont.)

The following table provides detail of invested assets for endowment.

United Way's endowment net asset composition for the year ended June 30, 2022 is as follows:

		Net Assets With Donor Restrictions
Donor-restricted endowment fund corpus	\$	114,429
Accumulated losses on endowment funds		(3,606)
Endowment fund balance, at fair value	\$	110,823

Changes in endowment net assets for the year ended June 30, 2022:

		Net Assets With Donor Restrictions
Endowment net assets, beginning of year	\$	114,429
Investment return, net		(3,606)
Endowment net assets, end of year	\$	110,823

8. Cash Surrender Value of Life Insurance

The United Way is the owner and beneficiary of an insurance policy on the lives of certain supporters of United Way. The policy has a death benefit of \$500,000 and a cash surrender value at June 30, 2022 and 2021 of \$123,050 and \$99,677, respectively. The cash surrender value is reported in other assets on the statements of financial position.

9. Employee Benefit Plan

The United Way offers an employee savings plan, covering employees who meet certain minimum age and service requirements. The United Way contributes a one-half match of participants' first 6% of contributions of eligible compensation. Employer contributions for the years ended June 30, 2022 and 2021 were \$101,645 and \$138,054, respectively.

10. Advertising Expenses

The United Way expenses advertising costs as incurred. In fiscal years 2022 and 2021 total advertising expenses were \$494,543 and \$427,614, respectively. In 2022 and 2021, \$473,232 and \$386,030, respectively, of the reported costs were in-kind from donated advertising for United Way's annual campaigns.

United Way of the Coastal Empire, Inc.

Notes to Financial Statements

11. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and campaign receivables. United Way places its cash with high-quality financial institutions. The cash balances may, from time to time, exceed the \$250,000 federally insured limit for a single banking institution.

Approximately 27% of campaign receivables outstanding at June 30, 2022 and 2021 were due from one organization in Savannah, Georgia.

Approximately 24% of campaign contributions for the year ended June 30, 2021 are related to one organization in Savannah, Georgia. There were no such concentrations in 2022.

12. Liquidity and Availability of Financial Assets

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

Financial assets at year-end		
Cash and cash equivalents	\$	1,367,933
Certificates of deposit		109,293
Campaign and other receivables		2,288,920
Total		3,766,146
Less amounts not available to be used for general expenditures within one year		
Funds held for disposition		368,658
Financial assets available to meet general expenditures within one year	\$	3,397,488

For purposes of analyzing resources available to meet general expenditures over a 12-month period, United Way considers all expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

13. Payroll Protection Program Loan

On April 29, 2020, United Way received a Paycheck Protection Program (PPP) loan of \$396,700 from a commercial bank, pursuant to the PPP administered by the Small Business Administration (SBA) pursuant to the Coronavirus Aid Relief and Economic Security Act (CARES Act). United Way applied for full forgiveness of the loan in January 2021, which was accepted and approved in February 2021. The Company recorded a gain on PPP loan forgiveness for the year ended June 30, 2021.

14. Rental Income

The Organization rents office space to area non-profits at its Savannah Georgia headquarters and Effingham County service center under various operating leases. Income earned under these agreements totaled \$109,154 in fiscal year 2022 and \$120,070 in fiscal year 2021.

United Way of the Coastal Empire, Inc.

Notes to Financial Statements

14. Rental Income (cont.)

Future minimum rental income under non-cancelable leases are as follows:

<i>Year ending June 30,</i>		
2023	\$	95,053
2024		50,479
2025		33,982
2026		25,498
2027		5,715
Total	\$	210,727

15. COVID Considerations

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on United Way's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. United Way is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the remainder of fiscal year 2023.

16. Subsequent Events

The Organization has evaluated subsequent events through December 08, 2022, the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors
United Way of the Coastal Empire, Inc.
Savannah, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of United Way of the Coastal Empire, Inc. (United Way) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 08, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Hancock Asker & Co., LLP

Savannah, Georgia
December 08, 2022



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

The Board of Directors
United Way of the Coastal Empire, Inc.
Savannah, Georgia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited United Way of the Coastal Empire, Inc.'s (United Way's) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of United Way's major federal programs for the year ended June 30, 2022. United Way's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, United Way of the Coastal Empire, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on United Way's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it

exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about United Way's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Hancock Askew & Co., LLP

Savannah, Georgia
December 08, 2022

United Way of the Coastal Empire, Inc.

Schedule of Expenditures of Federal Awards

June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Amount Passed Through to Subrecipient	Amount of Federal Expenditures
Capital contributions				
Department of the Treasury				
Pass through Chatham County, GA				
COVID-19 - Emergency Rental Assistance Program	21.023*	N/A	\$ -	\$ 3,375,786
Pass through Chatham County, GA				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	625,000
Total federal expenditures			\$ -	\$ 4,000,786

*Major program as defined by United States Office of Management and the Uniform Guidance.

See notes to schedule of expenditures of federal awards.

United Way of the Coastal Empire, Inc.

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this Schedule presents only a selected portion of the operations of United Way, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of United Way.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 2 CFR Part 230, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Contingencies

These federal programs are subject to financial and compliance audits by grantor agencies which, if instances of material noncompliance are found, may result in disallowed expenditures and may affect United Way's continued participation in specific programs. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although United Way expects such amounts, if any, to be immaterial.

4. Indirect Cost Rate

United Way has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

United Way of the Coastal Empire, Inc.

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified		
Internal control over financial reporting			
Material weakness identified?	_____ yes	_____ X _____	no
Significant deficiency identified not considered to be material weaknesses?	_____ yes	_____ X _____	none reported
Noncompliance material to financial statements noted?	_____ yes	_____ X _____	no

Federal Awards

Internal control over major programs			
Material weakness identified?	_____ yes	_____ X _____	no
Significant deficiency identified not considered to be material weakness?	_____ yes	_____ X _____	none reported
Type of auditor's report issued on compliance for major programs	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, Section .510(a)?	_____ yes	_____ X _____	no

Identification of major programs

<u>CFDA Number</u>	<u>Name of Federal Programs</u>
21.023	COVID-19 – Emergency Rental Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs	_____ \$750,000 _____
Auditee qualified as low-risk auditee?	_____ yes _____ X _____ no