

UNITED WAY OF NORMAN, INC.
AUDIT OF FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022

UNITED WAY OF NORMAN, INC.
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AS OF AND FOR THE YEARS ENDING
JUNE 30, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

December 12, 2023

To the Board of Directors
United Way of Norman, Inc.
Norman, Oklahoma

Opinion

We have audited the accompanying financial statements of United Way of Norman, Inc. (a nonprofit corporation) which comprise the statements of financial position as of June 30, 2023 and 2022 and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Norman, Inc., as of June 30, 2023 and 2022, 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 (GAAP).

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with GAAP; this includes 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.



To the Board of Directors
United Way of Norman, Inc.
December 12, 2023

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 of Norman Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but it 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 the United Way of Norman Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

To the Board of Directors
United Way of Norman, Inc.
December 12, 2023

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the United Way of Norman, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

GRAY, BLODGETT & COMPANY, PLLC

Gray, Blodgett & Company, PLLC

UNITED WAY OF NORMAN, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	ASSETS	
	<u>2023</u>	<u>2022</u>
Current Assets		
Cash, cash equivalents, and restricted cash	\$ 1,486,751	\$ 1,448,832
Pledges receivable, net of allowance for uncollectible pledges of \$103,328 and \$110,384, respectively	<u>566,996</u>	<u>506,001</u>
Total Current Assets	2,053,747	1,954,833
Fixed assets, net	<u>60,801</u>	<u>2,720</u>
Total Assets	<u>\$ 2,114,548</u>	<u>\$ 1,957,553</u>

LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 4,188	\$ 2,577
Payroll taxes payable	3,070	3,161
Accrued vacations	4,447	5,012
Deferred support	4,500	9,300
Campaign allocations and designations payable	<u>1,182,000</u>	<u>1,175,000</u>
Total Liabilities	<u>1,198,205</u>	<u>1,195,050</u>
Net Assets		
Without donor restrictions	814,760	640,137
With donor restrictions	<u>101,583</u>	<u>122,366</u>
Total Net Assets	<u>916,343</u>	<u>762,503</u>
Total Liabilities and Net Assets	<u>\$ 2,114,548</u>	<u>\$ 1,957,553</u>

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

UNITED WAY OF NORMAN, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Campaign revenue	\$ 1,785,831	\$ -	\$ 1,785,831
Less: Donor designations	(198,581)	-	(198,581)
Uncollected pledges expense	<u>(78,314)</u>	<u>-</u>	<u>(78,314)</u>
Net campaign revenue	1,508,936	-	1,508,936
Contract income	107,160	-	107,160
Miscellaneous income	1,849	-	1,849
Other donations	-	95,289	95,289
In-kind donations	101,478	-	101,478
Interest income	<u>21,246</u>	<u>-</u>	<u>21,246</u>
	1,740,669	95,289	1,835,958
Satisfaction of time and program restrictions	<u>116,072</u>	<u>(116,072)</u>	<u>-</u>
Total revenues and other support	<u>1,856,741</u>	<u>(20,783)</u>	<u>1,835,958</u>
Expenses			
Functional expenses			
Community outreach	158,779	-	158,779
Resource development	238,245	-	238,245
Financial stability	43,396	-	43,396
Education council	48,245	-	48,245
Health council	73,963	-	73,963
Management and general	<u>127,684</u>	<u>-</u>	<u>127,684</u>
Total functional expenses	690,312	-	690,312
Gross funds awarded to agencies	1,182,000	-	1,182,000
Less: Donor designations	<u>(190,194)</u>	<u>-</u>	<u>(190,194)</u>
Net funds allocated to agencies	<u>991,806</u>	<u>-</u>	<u>991,806</u>
Total expenses	<u>1,682,118</u>	<u>-</u>	<u>1,682,118</u>
Change in net assets	174,623	(20,783)	153,840
Net assets, beginning of year	<u>640,137</u>	<u>122,366</u>	<u>762,503</u>
Net assets, end of year	<u>\$ 814,760</u>	<u>\$ 101,583</u>	<u>\$ 916,343</u>

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

UNITED WAY OF NORMAN, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Campaign revenue	\$ 1,728,483	\$ -	\$ 1,728,483
Less: Donor designations	(257,947)	-	(257,947)
Uncollected pledges expense	<u>(99,094)</u>	<u>-</u>	<u>(99,094)</u>
Net campaign revenue	1,371,442	-	1,371,442
Other donations	-	83,539	83,539
In-kind donations	51,689	-	51,689
Interest income	<u>9,776</u>	<u>-</u>	<u>9,776</u>
	1,432,907	83,539	1,516,446
Satisfaction of time and program restrictions	<u>99,982</u>	<u>(99,982)</u>	<u>-</u>
Total revenues and other support	<u>1,532,889</u>	<u>(16,443)</u>	<u>1,516,446</u>
Expenses			
Functional expenses			
Community outreach	155,886	-	155,886
Resource development	196,836	-	196,836
Financial stability	41,933	-	41,933
Education council	44,133	-	44,133
Health council	73,638	-	73,638
Management and general	<u>119,812</u>	<u>-</u>	<u>119,812</u>
Total functional expenses	632,238	-	632,238
Gross funds awarded to agencies	1,138,716	-	1,138,716
Less: Donor designations	<u>(252,664)</u>	<u>-</u>	<u>(252,664)</u>
Net funds allocated to agencies	<u>886,052</u>	<u>-</u>	<u>886,052</u>
Total expenses	<u>1,518,290</u>	<u>-</u>	<u>1,518,290</u>
Change in net assets	14,599	(16,443)	(1,844)
Net assets, beginning of year	<u>625,538</u>	<u>138,809</u>	<u>764,347</u>
Net assets, end of year	<u>\$ 640,137</u>	<u>\$ 122,366</u>	<u>\$ 762,503</u>

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

UNITED WAY OF NORMAN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Programs						Management and General	Totals
	Community Outreach	Resource Development	Financial Stability	Education Council	Health Council	Total Program		
Salaries	\$ 72,926	\$ 57,127	\$ 16,736	\$ 21,249	\$ 22,315	\$ 190,353	\$ 81,868	\$ 272,221
Payroll taxes	5,496	4,306	1,276	1,616	1,712	14,406	6,182	20,588
Total personnel costs	78,422	61,433	18,012	22,865	24,027	204,759	88,050	292,809
Accounting fees	2,276	3,415	3,415	3,415	6,829	19,350	3,414	22,764
Campaign sponsorships	-	80,152	-	-	-	80,152	-	80,152
Depreciation expense	-	-	-	-	-	-	1,296	1,296
Dues - United Way of America	2,340	3,510	3,510	3,510	7,020	19,890	3,510	23,400
Dues and subscriptions	67	101	101	101	202	572	100	672
Equipment and repair	4,050	4,050	1,620	1,620	3,240	14,580	1,620	16,200
Emergency fund disbursements	1,177	-	-	-	-	1,177	-	1,177
In-kind donations	-	50,078	-	-	-	50,078	-	50,078
Insurance-health	4,580	4,160	1,468	1,468	2,394	14,070	11,344	25,414
Insurance-director liability	-	-	-	-	-	-	2,064	2,064
Insurance-other	192	166	78	78	156	670	1,708	2,378
Local disaster relief	-	155	-	-	-	155	-	155
Meeting expense	34	112	34	34	68	282	-	282
Miscellaneous expense	11,474	3,498	56	44	89	15,161	2,044	17,205
Office supplies	117	176	176	176	351	996	127	1,123
Postage	181	1,241	181	181	361	2,145	112	2,257
Public relations and marketing	6,500	13,775	5,200	5,200	10,400	41,075	-	41,075
Rent	4,200	6,300	6,300	6,300	12,600	35,700	6,300	42,000
Retirement	5,849	4,341	1,783	1,783	3,291	17,047	5,272	22,319
School supplies	36,552	-	-	-	-	36,552	-	36,552
Staff training and conferences	-	502	502	502	1,004	2,510	-	2,510
Telephone	367	540	539	550	1,098	3,094	550	3,644
Travel	367	489	370	367	730	2,323	121	2,444
Volunteer training and recognition	34	51	51	51	103	290	52	342
Total expenses	<u>\$ 158,779</u>	<u>\$ 238,245</u>	<u>\$ 43,396</u>	<u>\$ 48,245</u>	<u>\$ 73,963</u>	<u>\$ 562,628</u>	<u>\$ 127,684</u>	<u>\$ 690,312</u>

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

UNITED WAY OF NORMAN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Programs						Management and General	Totals
	Community Outreach	Resource Development	Financial Stability	Education Council	Health Council	Total Program		
Salaries	\$ 71,302	\$ 56,143	\$ 16,700	\$ 18,616	\$ 24,849	\$ 187,610	\$ 75,822	\$ 263,432
Payroll taxes	5,459	4,220	1,306	1,455	1,969	14,409	5,252	19,661
Total personnel costs	76,761	60,363	18,006	20,071	26,818	202,019	81,074	283,093
Accounting fees	2,151	3,227	3,227	3,227	6,452	18,284	3,227	21,511
Campaign sponsorships	-	50,487	-	-	-	50,487	-	50,487
Depreciation expense	216	324	324	324	650	1,838	324	2,162
Dues - United Way of America	2,007	3,010	3,010	3,010	6,023	17,060	3,010	20,070
Dues and subscriptions	115	173	177	177	340	982	173	1,155
Equipment and repair	3,343	3,343	1,337	1,337	2,673	12,033	1,337	13,370
Emergency fund disbursements	7,587	-	-	-	-	7,587	-	7,587
In-kind donations	-	50,489	-	-	-	50,489	1,200	51,689
Insurance-health	4,962	3,635	1,459	1,594	2,465	14,115	11,649	25,764
Insurance-director liability	-	-	-	-	-	-	2,056	2,056
Insurance-other	296	242	97	97	194	926	1,502	2,428
Meeting expense	30	98	30	30	59	247	-	247
Miscellaneous expense	9,948	3,063	-	-	-	13,011	1,982	14,993
Office supplies	151	227	227	227	453	1,285	226	1,511
Postage	243	1,655	243	243	485	2,869	148	3,017
Public relations and marketing	6,069	5,204	4,855	4,855	9,710	30,693	-	30,693
Rent	4,200	6,300	6,300	6,300	12,600	35,700	6,300	42,000
Retirement	5,552	3,915	1,726	1,726	2,885	15,804	4,908	20,712
School supplies	31,510	-	-	-	-	31,510	-	31,510
Small equipment purchases	-	-	-	-	-	-	11	11
Staff training and conferences	-	25	25	25	51	126	-	126
Telephone	350	525	525	525	1,049	2,974	512	3,486
Travel	357	476	357	357	714	2,261	118	2,379
Volunteer training and recognition	38	55	8	8	17	126	55	181
Total expenses	\$ 155,886	\$ 196,836	\$ 41,933	\$ 44,133	\$ 73,638	\$ 512,426	\$ 119,812	\$ 632,238

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

UNITED WAY OF NORMAN, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 153,840	\$ (1,844)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	1,296	2,162
Gift of fixed assets	(51,400)	-
(Increase) decrease in pledges receivable	(53,939)	23,679
Increase (decrease) in allowance for doubtful accounts	(7,056)	(623)
Increase (decrease) in accounts payable	1,611	1,634
Increase (decrease) in accrued salaries	(565)	-
Increase (decrease) in deferred revenue	(4,800)	(15,100)
Increase (decrease) in allocations payable	7,000	86,427
Increase (decrease) in other accrued liabilities	(91)	(648)
	<u>(107,944)</u>	<u>97,531</u>
Total adjustments		
Net Cash Provided (Used) by Operating Activities	<u>45,896</u>	<u>95,687</u>
Cash Flows From Investing Activities		
Purchases of fixed assets	<u>(7,977)</u>	<u>-</u>
Net Cash Provided (Used) by Investing Activities	<u>(7,977)</u>	<u>-</u>
Net Increase (Decrease) in Cash	37,919	95,687
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	<u>1,448,832</u>	<u>1,353,145</u>
Cash, Cash Equivalents, and Restricted Cash at End of Year	<u>\$ 1,486,751</u>	<u>\$ 1,448,832</u>
<u>Supplemental Information</u>		
Cash	\$ 433,961	\$ 462,477
Cash equivalents	951,207	863,989
Restricted cash	<u>101,583</u>	<u>122,366</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 1,486,751</u>	<u>\$ 1,448,832</u>
Cash Paid for Fixed Assets		
Total fixed asset additions	\$ 59,377	\$ -
In-kind donations of fixed assets	<u>(51,400)</u>	<u>-</u>
Cash paid for fixed assets	<u>\$ 7,977</u>	<u>\$ -</u>

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

United Way of Norman, Inc.
Notes to Financial Statements
June 30, 2023 and 2022

Note 1 - Description

United Way of Norman, Inc. (the Organization) began in 1957 as The United Fund of Norman, Inc. United Way of Norman, Inc. was incorporated as a non-profit organization under the laws of the State of Oklahoma on July 31, 1969. The organization is affiliated with United Way Worldwide. The mission of United Way of Norman, Inc. is to act as a fund-raising agent for social agencies serving the Norman, Oklahoma area to assist those agencies in the effective planning and execution of the social services provided to the community.

Note 2 - Summary of Significant Accounting Policies:

Basis of Accounting

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

Basis of Presentation

Financial statements presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification 958 (FASB ASC 958), *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958, United Way of Norman, Inc. is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and may be designated for specific purposes by the Board of Directors.

Net assets with donor restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed,

United Way of Norman, Inc.
Notes to Financial Statements
June 30, 2023 and 2022

when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

There were no net assets with perpetual donor restrictions held during the years ended June 30, 2023 and 2022.

Cash and Cash Equivalents

Cash and cash equivalents include cash in bank accounts, petty cash, and all short-term investments with original maturities of three months or less.

Property and Equipment

Acquisitions of property and equipment greater than \$500 are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method over the life of the equipment, which varies from 5-10 years.

Leases

The Organization leases the use of certain office space and sometimes equipment. The Organization determines if an arrangement is a lease at inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

As allowed by the standards, management has elected the practical expedient to exclude short-term leases, those leases with a term of twelve months or less. Management has also elected the practical expedient to not separate lease and non-lease components for all leases and to use the risk free rate as of the commencement date of the lease as the discount rate. Management has elected to use \$500 as a minimum threshold to record right-of-use (ROU) assets. Any lease that would result in a ROU asset of less than \$500 will be expensed as payments are made.

Operating leases are included in operating lease ROU assets, other current liabilities, and operating lease liabilities in the statements of financial position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities in the statements of financial position.

Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease. Management takes these options into account when recording ROU assets and liabilities when it is reasonably certain that the option will or will not be exercised. Lease expense for short-term lease payments will be recognized on the straight-line basis over the term of the lease.

Revenue Recognition

Contributions received are recorded as without or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions. 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 statement of activities as net assets released from restrictions. If restrictions on net assets with donor restrictions are met in the reporting period, they are reported as unrestricted support. The Organization uses restricted funds prior to the use of unrestricted funds when both are available for the same purpose.

As the majority of the Organization's income is derived from contributions, the Organization does not typically have performance obligations related to contracts with customers.

The Organization does not imply time restrictions on gifts of long-lived assets. In the absence of explicit donor stipulation as to how long an asset must be held, the Organization releases any purpose restrictions when the asset is placed in service for the use stipulated by the donor.

Grant revenues are recognized in revenue when earned based on performing conditional requirements as stated in the related grant agreement, if any.

Revenues from contracts with customers are recognized as the contractual performance obligations are satisfied. The Organization's contract income for the year ended June 30, 2023, consisted of services provided to the City of Norman to recommend recipients of a portion of the funds that the City received from the American Rescue Plan Act of 2021. There were no contract income receivables at July 1, 2022, or June 30, 2023.

Contributed Services and Materials

Contributed services are reported at fair value in the financial statements for voluntary donations of services when those services (1) create or enhance nonfinancial assets or (2) require specialized skills provided by individuals possessing those skills and are services which would typically be purchased if not provided by donation. Donated services received from unpaid volunteers assisting the Organization in its programs do not typically meet the criteria for recognition.

Donated materials are recorded at their fair value at the date of the gift. The Organization utilizes donated materials primarily for fundraising and programs and has a policy to monetize contributed nonfinancial assets such as equity securities.

Functional Allocation of Expenses

United Way of Norman, Inc. allocates its expenses on a functional basis among its program activities, fund-raising activities, and support services. Expenses and support services that can be identified with a specific program are allocated directly to the program. Expenses that benefit multiple programs are allocated based on an analysis of the relevant amount of time expended on each function.

Advertising Expense

All advertising costs, which totaled \$41,075 and \$30,345 for the years ending June 30, 2023 and 2022, respectively, are expensed as incurred or the first time the advertising takes place. The advertising costs are included in public relations and marketing expense in the statement of functional expenses.

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. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a)(1) and qualifies for deductible contributions. No provision for federal or state income taxes has been recorded. There was no interest or penalties to the Internal Revenue Service included in these financial statements. The Organization's tax returns are generally subject to examination by the Internal Revenue Service and the State of Oklahoma for a period of three years from the date they are to be filed.

Use of Estimates

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

The allowance for uncollectible pledges is a significant estimate. The determination of the balance in this account is an estimate based on United Way's historical experience, review of significant account balances, and expectations relative to current economic conditions. Uncollected pledges in excess of the allowance for uncollectible pledges are written off in the following fiscal year.

New Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, Leases. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, Land Easement Practical Expedient for Transition to Topic 842; ASU 2018-10, Codification Improvements to Topic 842, Leases; ASU 2018-11, Leases (Topic 842): Targeted Improvements; ASU 2018-20, Narrow-scope Improvements for Lessors; and ASU 2019-01, Leases (Topic 842): Codification Improvements; ASU 2019-10, Leases (Topic 842): Effective Dates; ASU 2021-05, Leases (Topic 842): Lessors – Certain Leases with Variable Lease Payments; ASU 2021-09, Leases (Topic 842): Discount Rates for Lessees That Are Not Public Business Entities. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the balance sheet.

The Organization adopted these ASUs effective July 1, 2022, and utilized the practical expedients to exclude short-term leases, not separate lease and non-lease components, use of the risk-free rate in lieu of determining the incremental borrowing rate, and established a minimum of \$500 to record any ROU asset. The adoption did not have a material impact on the Organization's statement of financial position or statement of activities.

United Way of Norman, Inc.
Notes to Financial Statements
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Note 3 - Liquidity and Availability

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

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,486,751	\$ 1,448,832
Pledges receivable, net	<u>566,996</u>	<u>506,001</u>
Total Financial Assets	2,053,747	1,954,833
Less: Amounts not available to be used within one year:		
Restricted by donors for purpose	(101,583)	(122,366)
Less: Amounts not available without Board approval:		
Board-designated net assets	<u>(679,416)</u>	<u>(456,950)</u>
Financial Assets available to meet general expenditures over the next 12 months	<u>\$ 1,272,748</u>	<u>\$ 1,375,517</u>

Except as noted above, none of the Organization's financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The pledges receivable balances are subject to implied time restrictions but are expected to be collected within one year.

As part of their liquidity management plan, the Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in interest-bearing, fully-insured financial instruments.

The Board of Directors has established a 4-month operating reserve going forward (3-month reserve in previous years), approximately \$560,000. Also, in the event of unanticipated liquidity needs, the Board can vote to release any Board designated funds to be used for operating purposes. The Organization intends to spend these funds only for contingency purposes as identified in Note 7 rather than for general expenditures.

United Way of Norman, Inc.
Notes to Financial Statements
June 30, 2023 and 2022

Note 4 - Pledges Receivable

Pledges receivable and changes in the allowance for uncollectible amounts during the years ended June 30, 2023 and 2022, are summarized as follows:

	<u>2023</u>	<u>2022</u>
Total pledges receivable	\$ 670,324	\$ 616,385
Allowance for uncollectible accounts	<u>(103,328)</u>	<u>(110,384)</u>
Net pledges receivable	<u>\$ 566,996</u>	<u>\$ 506,001</u>

Pledges receivable are due as follows:

	<u>2023</u>	<u>2022</u>
Due within one year	<u>\$ 670,324</u>	<u>\$ 616,385</u>

Note 5 - Property and Equipment

Property and equipment at June 30, 2023 and 2022, consists of the following:

	<u>2023</u>	<u>2022</u>
Furniture and Equipment	\$ 61,981	\$ 61,981
Leasehold Improvements	59,376	-
Less: Accumulated Depreciation	<u>(60,556)</u>	<u>(59,261)</u>
Total Property and Equipment	<u>\$ 60,801</u>	<u>\$ 2,720</u>

Note 6 - Campaign Allocations Payable

As a part of the annual United Way campaign, all donors have the choice of designating directly to agencies. The Campaign Allocation Payable to these recipient agencies is \$1,182,000 and \$1,175,000 as of June 30, 2023 and 2022, respectively.

The allocation payable also includes donor designations to specific agencies of \$198,581 and \$252,664 as of June 30, 2023 and 2022, respectively. United Way does not have title or ownership of these designated assets, nor do they have the right of variance and, as such, acts as an agent for the donors. Designated pledges are paid out equally over 12 months to the designated agencies once collected.

United Way of Norman, Inc.
Notes to Financial Statements
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Note 7 - Net Assets Without Donor Restrictions

Included in net assets without donor restrictions are designations by the board of directors for contingencies, supplemental funding, emergency funding, new agencies, and capital improvements. The contingency funds are maintained to offset the effects of a possible future shortfall in an annual campaign. Emergency funds are set aside to make additional appropriations in emergency situations. The Council impact funds are designated for funding new agencies by supplementing campaign achievement.

Net assets without donor restrictions at June 30, 2023 and 2022, are comprised of the following:

Net Assets Without Donor Restrictions:	<u>2023</u>	<u>2022</u>
Contingencies	\$ 558,666	\$ 443,000
Emergency	5,000	5,000
Council impact	8,590	8,949
Undesignated	<u>242,504</u>	<u>183,188</u>
 Total Net Assets Without Donor Restrictions	 <u>\$ 814,760</u>	 <u>\$ 640,137</u>

Note 8 - Net Assets With Donor Restrictions

The amounts included in the temporarily restricted net assets at June 30, 2023 and 2022, are as follows:

Purpose Restrictions:	<u>2023</u>	<u>2022</u>
Community outreach – tool box	\$ 535	\$ 535
Development fund	7,498	7,498
School supplies	15,000	3,643
Campaign sponsor	17,443	48,630
Day of caring	5,725	6,233
Financial Alliance	38,993	37,169
UWW Grant	5,632	10,000
Other	<u>10,757</u>	<u>8,658</u>
 Total Net Assets With Donor Restrictions	 <u>\$ 101,583</u>	 <u>\$ 122,366</u>

United Way of Norman, Inc.
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Net assets were released from donor restrictions in 2023 and 2022, by incurring expenses specified by donors as follows:

Purpose Restrictions Released:	<u>2023</u>	<u>2022</u>
School supplies	\$ 24,157	\$ 21,510
Campaign sponsor	80,152	50,486
Financial Alliance	1,177	7,587
UWW Grant	4,368	3,290
Norman Cares	155	11,427
Other	<u>6,063</u>	<u>5,682</u>
Total Restrictions Released	<u>\$ 116,072</u>	<u>\$ 99,982</u>

Note 9 - In-Kind Donations

In-kind donations received by the Organization for the years ended June 30, 2023 and 2022, are as follows:

<u>Donated Asset</u>	<u>Usage</u>	<u>2023</u>	<u>2022</u>
Auction items	Resource Development	\$ 50,078	\$ 50,489
Carpet and installation	Leasehold Improvements	1,450	-
Professional services	Leasehold Improvements	24,200	-
Paint and supplies	Leasehold Improvements	9,500	-
Construction and supplies	Leasehold Improvements	16,250	-
Furniture	Management & General	<u>-</u>	<u>1,200</u>
		<u>\$ 101,478</u>	<u>\$ 51,689</u>

All in-kind donations received by the Organization for the years ended June 30, 2023 and 2022, were considered without donor restrictions and were able to be used by the Organization as determined by the board of directors and management. The fair value of each asset received was provided by the donor or was estimated based on similar products or services.

Note 10 - Operating Lease

United Way of Norman, Inc. had a lease agreement for office space and a lease agreement for the use of a copier, which were accounted for as operating leases.

United Way of Norman, Inc.
Notes to Financial Statements
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The building lease agreement had a lease term of three years starting June 11, 2020, with a commencement date of April 1, 2020, and monthly lease payments of \$3,500 beginning April 2020 through June 2023. Rent expense for both 2023 and 2022, was \$42,000.

The copier lease had a term of five years and began in March 2018 with a monthly payment of \$100. This lease expired in February 2023 and the Organization purchased the copier at fair market value per the lease contract terms. Copier lease expense for the year ended June 30, 2023 and 2022, was \$800 and \$1,200, respectively and is included in equipment and repair in the statement of functional expenses.

Note 11 - Concentrations

United Way of Norman, Inc. receives contributions from individuals and corporations in the Norman and Southern Cleveland County area. The loss of one or more of the major contributors could cause an impact in operations.

United Way of Norman, Inc. maintains cash balances at various financial institutions. The Federal Deposit Insurance Corporation insures accounts at each institution up to \$250,000.

At June 30, 2023, the Organization had a total of approximately \$152,000 of uninsured cash. The Organization believes it is not exposed to any significant credit risk on its cash balances.

Note 12 - Retirement Fund

Effective January 1, 1993, the Organization established a Simplified Employee Pension Plan using Individual Retirement Accounts. Employees are eligible for participation upon attaining age 21, earning compensation of \$450 per year and performing services for the employer in at least 2 years of the preceding 5 years. The Organization contributes five percent of the base salary for each eligible employee.

The contributions made to the plans by the Organization for the period ended June 30, 2023 and 2022 totaled \$22,319 and \$20,712 respectively.

Note 13 - Subsequent Events

The Organization signed a lease agreement for office space with an effective date of July 1, 2023. The landlord permitted the Organization to begin moving into the space in mid-June 2023 while construction and renovations were taking place. This resulted in an insignificant in-kind contribution of rent.

Subsequent events have been evaluated through the issuance date of this report.