UNITED WAY OF CENTRAL VIRGINIA, INC.
Lynchburg, Virginia

Financial Statements
for years ended
June 30, 2023 and 2022

A Not-for-Profit Corporation
501(c)3

Incorporated in Virginia in March 1922

UNITED WAY OF CENTRAL VIRGINIA, INC.

UNITED WAY OF CENTRAL VIRGINIA, INC.

Contents

DAVIDSON, DOYLE & HILTON
CERTIFIED PUBLIC ACCOUNTANTS

Report of Independent Auditors

The Board of Directors
United Way of Central Virginia, Inc.
Lynchburg, Virginia

Opinion

We have audited the accompanying financial statements of United Way of Central Virginia, Inc. (the "Corporation"), (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, 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 Central Virginia, 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.

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 Audit Standards,* issues 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 of Central Virginia, 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 audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 of Central Virginia, Inc's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit is conducted in accordance with generally accepted auditing standards and the *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 in 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 judgement 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 judgement 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 of Central Virginia, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt, about United Way of Central Virginia, 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 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 dated June 30, 2023 on our consideration of United Way of Central Virginia, Inc.'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 of Central Virginia, Inc.'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 of Central Virginia, Inc.'s internal control over financial reporting compliance.

Davidson, Doyle & Hitt, LLC

Lynchburg, Virginia
February 5, 2024

UNITED WAY OF CENTRAL VIRGINIA, INC.
Statements of Financial Position
June 30, 2023 and 2022

		2023		2022
Assets				
Current assets				
Cash	$	535,405	$	74,844
Investments		756,491		1,106,122
Pledges receivable, net of allowance for uncollectible pledges of $135,150 for 2023 and $275,841 for 2022		131,421		206,743
Grant receivables		105,624		217,484
Prepaid expenses		12,286		9,620
Total current assets		1,541,227		1,614,813
Property and equipment				
Land, building, and equipment at cost, less accumulated depreciation of $733,493 for 2023 and $725,269 for 2022		66,531		74,755
Other assets				
Endowment – beneficial interest in assets		407,078		391,009
Perpetual trusts		387,579		370,829
Total other assets		794,657		761,838
Total assets	$	2,402,415	$	2,451,406
Liabilities and net assets				
Current liabilities				
Accounts payable	$	124,612	$	15,724
Accrued expenses		102,047		93,396
Designations payable		144,693		150,387
Allocations payable		1,000,000		975,000
Total current liabilities		1,371,352		1,234,507
Net assets				
Without donor restrictions		5,755		557,153
With donor restrictions		1,025,308		659,746
Total net assets		1,031,063		1,216,899
Total liabilities and net assets	$	2,402,415	$	2,451,406

See notes to financial statements.

UNITED WAY OF CENTRAL VIRGINIA, INC.
Statement of Activities
Year ended June 30, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Campaign and other revenue			
Campaign revenue			
Campaign revenue for next allocation period	$ -	$ 1,272,976	$ 1,272,976
Less donor designations processed by United Way of Central Virginia, Inc	-	(121,601)	(121,601)
Uncollectible pledge income (expense)	-	140,691	140,691
Net campaign for next allocation period	-	1,292,066	1,292,066
Campaign revenue applicable to current period			
Net campaign revenue recognized in prior periods released from restrictions	942,573	(942,573)	-
Total campaign revenue	942,573	349,493	1,292,066
Other revenue			
Interest	182	-	182
Rent	100	-	100
Grant income, non-governmental	-	385,959	385,959
Grant income, governmental	-	1,716,059	1,716,059
Investment earnings	39,682	-	39,682
Net earnings of endowments	-	37,182	37,182
Net earnings of perpetual trusts	24,769	-	24,769
Special events, net	84,057	-	84,057
In-kind donations	69,135	-	69,135
Miscellaneous	10,114	-	10,114
Total other revenue	228,039	- 2,139,200	2,367,239
Net assets released from restrictions	2,123,131	(2,123,131)	-
Total campaign revenue and other revenue	3,293,743	365,562	3,659,305
Expenses			
Allocations to members agencies, affiliates, and others	988,533	-	988,533
Functional expenses:			
Supporting services	208,902	-	208,902
Fundraising	194,559	-	194,559
Program services	2,453,147	-	2,453,147
Total allocations and expenses	3,845,141	-	3,845,141
Increase (decrease) in net assets	(551,399)	365,562	(185,836)
Net assets at beginning of year	557,153	659,746	1,216,899
Net assets at end of year	$ 5,755	$ 1,025,308	$ 1,031,063

See notes to financial statements.

UNITED WAY OF CENTRAL VIRGINIA, INC.
Statement of Activities
Year ended June 30, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Campaign and other revenue			
Campaign revenue			
Campaign revenue for next allocation period	$ -	$ 1,570,017	$ 1,570,017
Less donor designations processed by United Way of Central Virginia, Inc	-	(142,239)	(142,239)
Uncollectible pledge income (expense)	-	(510,205)	(510,205)
Net campaign for next allocation period	-	917,573	917,573
Campaign revenue applicable to current period			
Net campaign revenue recognized in prior periods released from restrictions	1,013,798	(1,013,798)	-
Total campaign revenue	1,013,798	(96,225)	917,573
Other revenue			
Interest	176	-	176
Grant income, non-governmental		465,257	465,257
Grant income, governmental	-	1,400,357	1,400,357
Investment loss	(41,006)	-	(41,006)
Net loss of endowments	-	(59,346)	(59,346)
Net loss of perpetual trusts	(70,811)	-	(70,811)
Special events, net	220,923	-	220,923
In-kind donations	40,000	-	40,000
Paycheck protection program	160,765	-	160,765
Miscellaneous	19,291	-	19,291
Total other revenue	329,338	1,806,268	2,135,606
Net assets released from restrictions	1,882,630	(1,882,630)	
Total campaign revenue and other revenue	3,225,766	(172,587)	3,053,179
Expenses			
Allocations to members agencies, affiliates, and others	958,892		958,892
Functional expenses:		-	
Supporting services	206,301	-	206,301
Fundraising	172,446	-	172,446
Program services	2,110,261	-	2,110,261
Total allocations and expenses	3,447,900	-	3,447,900
Increase (decrease) in net assets	(222,134)	(172,587)	(394,721)
Net assets at beginning of year	779,287	832,333	1,611,620
Net assets at end of year	$ 557,153	$ 659,746	$ 1,216,899

See notes to financial statements.

UNITED WAY OF CENTRAL VIRGINIA, INC
Statement of Functional Expenses
Year ended June 30, 2023

	2023							
	Support Services				Program Services			
	Management And General	Marketing	Total	Fund Raising	Allocations & Community Initiatives	Community Services	Total	Total All Funds
Expenditures of grant awards	$ 1,381	$ -	$ 1,381	$ 4,143	$ -	$ 1,375,196	$ 1,375,196	$ 1,380,720
Salaries and wages	23,840	43,714	67,554	106,014	56,083	538,012	594,095	767,663
Fringe benefits	6,308	10,334	16,642	25,091	13,273	127,009	140,282	182,015
Program materials	-	5,375	5,375	1,823	-	97,783	97,783	104,981
Janitor service and building	16,527	9,313	25,840	14,276	6,518	31,188	37,706	77,822
Payroll taxes	1,808	3,316	5,124	8,041	4,254	40,808	45,062	58,227
Marketing	-	49,904	49,904	5,963	-	2,026	2,026	57,893
Miscellaneous	5,977	56	6,033	6,372	114	43,864	43,978	56,383
Membership dues	9	14	23	38	37,657	710	38,367	38,428
Professional fees	9,800	-	9,800	-	-	5,400	5,400	15,200
Utilities	744	1,040	1,784	3,123	1,635	8,325	9,960	14,867
Printing	388	11,525	11,913	2,441	-	-	-	14,354
Auto allowance and travel	436	800	1,236	1,940	1,026	9,847	10,873	14,049
Insurance	45	710	755	2,108	1,105	7,304	8,409	11,272
Supplies and maintenance	419	867	1,286	654	484	6,899	7,383	9,323
Postage	586	-	586	8,158	-	-	-	8,744
Depreciation	-	-	-	-	8,224	-	8,224	8,224
Recognition and training	-	-	-	-	-	7,721	7,721	7,721
Telephone	353	484	837	1,459	781	3,838	4,619	6,915
Conferences and conventions	-	-	-	106	-	6,124	6,124	6,230
Meals	50	289	339	2,560	-	2,186	2,186	5,085
Publications	11	18	29	86	11	3,560	3,571	3,686
Consulting	-	-	-	-	-	3,667	3,667	3,667
Pension administration	2,407	54	2,461	163	85	430	515	3,139
Total expenses	$ 71,089	$ 137,813	$ 208,902	$ 194,559	$ 131,250	2,321,897	2,453,147	$ 2,856,608

See notes to financial statements.

UNITED WAY OF CENTRAL VIRGINIA, INC.
Statement of Functional Expenses
Year ended June 30, 2022

	2022							
	Supporting Services				Program Services			
	Management and General	Marketing	Total	Fund Raising	Allocations and Community Initiatives	Community Services	Total	Total All Funds
Expenditures of grant awards	$ 1,179	$ -	$ 1,179	$ 3,539	$ -	$ 1,181,665	$ 1,181,665	$ 1,186,383
Salaries and wages	19,507	35,769	55,276	86,744	45,889	440,223	486,112	628,132
Fringe benefits	4,377	8,002	12,379	19,724	10,468	100,175	110,643	142,746
Janitor service and building maintenance	20,415	11,503	31,918	18,086	8,051	39,603	47,654	97,658
Program materials	-	3,993	3,993	831	-	72,634	72,634	77,458
Marketing	-	51,134	51,134	6,110	-	2,076	2,076	59,320
Payroll taxes	8,272	2,356	10,628	3,282	4,483	30,172	34,655	48,565
Membership dues	-	-	-	-	38,020	-	38,020	38,020
Consulting	-	-	-	-	-	35,000	35,000	35,000
Professional fees	1,709	2,392	4,101	7,176	3,759	19,137	22,896	34,173
Miscellaneous	2,103	55	2,158	3,138	41	15,692	15,733	21,029
Printing	7,393	6,400	13,793	2,825	-	-	-	16,618
Insurance	60	940	1,000	2,789	1,463	9,668	11,131	14,920
Utilities	680	1,077	1,757	2,855	1,495	7,613	9,108	13,720
Conferences and conventions	-	99	99	554	-	12,527	12,527	13,180
Postage	678	-	678	9,441	-	-	-	10,119
Telephone	501	692	1,193	2,084	1,107	5,505	6,612	9,889
Depreciation	9,463	-	9,463	-	-	-	-	9,463
Publications	25	42	67	193	25	8,099	8,124	8,384
Auto allowance and travel expense	240	336	576	1,041	528	4,617	5,145	6,762
Supplies and maintenance	276	571	847	430	319	4,543	4,862	6,139
Pension administration	3,824	42	3,866	125	66	334	400	4,391
Recognition and training	-	-	-	-	-	4,001	4,001	4,001
Meals	29	167	196	1,479	-	1,263	1,263	2,938
Total expenses	$ 80,731	$ 125,570	$ 206,301	$ 172,446	$ 115,714	$ 1,994,547	$ 2,110,261	$ 2,489,008

See notes to financial statements.

UNITED WAY OF CENTRAL VIRGINIA, INC.
Statements of Cash Flows
Years ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Increase (decrease) in net assets	$ (185,836)	$ (394,721)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	8,224	9,463
Forgiveness of paycheck protection loan	-	(160,765)
(Increase) decrease in:		
Pledge receivable, net	75,322	33,924
Other receivables	111,860	(16,443)
Prepaid expenses	(2,666)	1,575
Increase (decrease) in:		
Accounts payable	108,888	(8,742)
Accrued expenses	8,651	36,437
Deferred revenue	-	(2,000)
Designations payable	(5,694)	(16,613)
Allocations payable	25,000	25,000
Net cash provided by (used in) operating activities	143,749	(492,885)
Cash flows from investing activities		
Change in net value of endowments	(16,069)	76,362
Change in net value of perpetual trusts	(16,750)	91,814
Change in investment	349,631	41,006
Net cash provided by (used in) investing activities	316,812	209,182
Net increase (decrease) in cash	460,561	(283,703)
Cash at beginning of year	74,844	358,547
Cash at end of year	$ 535,405	$ 74,844

See notes to financial statements.

Note 1 – Nature of the organization and summary of significant accounting policies

Nature of the organization

The United Way of Central Virginia, Inc. (the "Corporation") is a not-for-profit corporation whose mission is "to mobilize the compassionate power of our community to improve the quality of lives in Central Virginia." The Corporation seeks to make lasting impact on the community's most pressing needs through stakeholder engagement, public awareness, and resource allocation. Annual campaigns are conducted to raise support for allocations to participating programs in the Central Virginia area. Final approval of allocations to participating programs is made by local volunteers who serve on the Board of the Directors.

Basis of Accounting

The financial statements are prepared under the accrual method accrual method of accounting in accordance with generally accepted accounting principles.

Net Assets

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

Net Assets Without Donor Restrictions- Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets With Donor Restrictions- Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature where the donor stipulates that the resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, money markets, and other short-term liquid investments with maturity of three months or less. Money markets used for operations and not donor restricted are also included in cash and cash equivalents.

Revenue Recognition

The Corporation recognizes contributions when cash, securities or other assets; an unconditional promise to give or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

The Corporation accounts for contributions in accordance with FASB ASC 958-605, *Accounting for Contributions Received and Contributions Made.* In accordance with FASB ASC 958-605 contributions are recorded with or without donor restricted support depending on the existence and/or nature of any donor restrictions. The Corporation recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions which they depend on have been met.

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

Gifts of property and equipment are presented as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Corporations reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Note 1 – Nature of the organization and summary of significant accounting policies (continued)

Pledges and allocations

Pledges to the Corporation, net of estimated uncollectible amounts, are recognized as revenue in the period the unconditional pledges are received. Estimated allowances are determined by management based on a three-year average. Any differences between the allowance and the actual pledge losses are reflected in the subsequent year's income. The ability to collect pledges resulting from fund raising efforts is affected by the general economic conditions in the Central Virginia area. Allocations to agencies approved prior to the allocation year are deducted from annual campaign support designated for future periods and are reported as liabilities until paid.

Investments

Investments are comprised of mutual funds and cash accounts stated at their fair values based on quoted market prices.

Property and depreciation

Building and equipment is stated in the financial statements at cost. Depreciation is computed by the straight-line method over estimated useful lives as follows:

Classification	Estimated Useful Life
Building	10 – 25 years
Furniture and equipment	3 – 10 years
Transportation	5 years

Expenses for maintenance and repairs are charged against revenues in the year the cost is incurred. Expenditures for additions and major improvements are capitalized and depreciated. Cost and accumulated depreciation are removed from the accounts for property sold or retired, and any resulting gain or loss is included in the statement of activities.

Contributed nonfinancial assets and services

Amounts have been reflected in the statements for donated assets and services that can be quantified. A substantial number of volunteers donate significant amounts of their time in the Corporation's fundraising campaigns and program services for which no objective basis is available to measure the value of such services. Donated materials or equipment, when received, are reflected as contributions at their estimated fair value at the date of receipt.

Functional expenses

The costs of providing the Corporation's various programs and supporting services have been summarized on a functional basis in the accompanying statement of functional expenses. The functional expenses of the various programs and supporting services included those costs directly attributable to the specific programs as well as an allocation of supporting service expenditures, which, in the estimation of management, are indirectly attributable to the programs.

Advertising

Advertising costs are expensed during the year in which the costs are incurred.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

UNITED WAY OF CENTRAL VIRGINIA, INC.
Notes to Financial Statements
June 30, 2023 and 2022

Note 1 – Nature of the organization and summary of significant accounting policies (continued)

Concentration of credit risk

The Corporation 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 the values of investment securities will occur in the near term and that such changes could materially affect Corporation account balances and the amounts reported in the statement of net assets available for benefits.

The Corporation has pledges receivable resulting from its' annual campaign. Pledges receivable are exposed to risks of collectability. Due to the level of risk associated with pledges, it is at least reasonably possible that changes in the amounts collected will occur in the near term and that such changes could materially affect Corporation account balances and the amounts reported in the statement of net assets available for benefits.

New accounting pronouncements

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The new standard is effective for annual financial statements issued for fiscal years beginning after December 15, 2021. Early application of the amendments in the ASU is permitted. The update is intended to increase transparency and comparability among Companies by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about the leasing arrangements.

In September 2020, FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. The amendments are effective for annual periods beginning after June 15, 2021. The amendments are to increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure.

Note 2 – Cash balances

The Corporation maintains cash accounts at several local financial institutions. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. From time to time, the balances maintained at the institutions may exceed the maximum amount insured by the FDIC. Management of the Corporation believes the risk of loss resulting from uninsured balances is immaterial.

Note 3 – Pledges receivable

Annual campaigns are conducted to raise support for allocations to participating agencies in the subsequent year. The campaign to raise support for allocations to participating agencies begins in the spring of each year.

Pledges receivable at June 30, 2023 and 2022 consisted of the following:

	2023	2022
Pledges receivable expected to be collected within one year	$ 266,571	$ 482,583
Allowance for uncollectible pledges	(135,150)	(275,841)
Pledges receivable, net	$ 131,421	$ 206,743

Note 4 – Beneficial interest in perpetual trusts

The Corporation is an income beneficiary of perpetual trusts established under the wills of two individual donors. Distributions totaling $8,019 and $19,578 were received from these trusts during the years ended June 30, 2023 and 2022. The following tabulation summarizes the types of investments included in perpetual trusts at fair values as of June 30, 2023 and 2022:

	Fair Value	
	2023	2022
Cash equivalents	$ 20,276	$ 17,719
Fixed income funds	53,584	48,961
Equity mutual funds	313,719	304,149
	$ 387,579	$ 370,829

Note 5 – Fair Value of Assets and Liabilities

FASB ASC 820 defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date. FASB ASC 820 establishes a hierarchy for disclosing assets and liabilities measured at fair value based on the inputs used to value them. The fair value hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are based on market pricing data obtained from sources independent of the Corporation. Unobservable inputs reflect management's judgment about the assumptions market participants would use in pricing the asset or liability.

The fair value hierarchy includes three levels based on the objectivity of the inputs as follows:

- Level 1 inputs are quoted prices in active markets as of the measurement date for identical assets and liabilities that the Corporation has the ability to access. This category includes exchange-traded mutual funds and equity securities.
- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates or yield curves, that are observable at commonly quoted intervals. This category includes mortgage-backed securities, asset-backed securities, corporate debt securities, certificates of deposit, commercial paper, U.S. agency and municipal debt securities, U.S. Treasury securities and derivative contracts.
- Level 3 inputs are unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. The measurements are highly subjective.

Following is a description of the valuation methodologies used for assets measured at fair value:

Cash & certificates of deposit – Valued at fair market value.

Mutual funds and fixed income funds – Valued using pricing models maximizing the use of observable inputs for similar securities actively traded on the open market. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Beneficial Interest in Assets – Valued using net asset value of underlying funds. No leveling is required.

UNITED WAY OF CENTRAL VIRGINIA, INC.
Notes to Financial Statements
June 30, 2023 and 2022

Note 5 – Fair Value of Assets and Liabilities (continued)

	Fair Value Measurement Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total at Fair Value
June 30, 2023				
Cash, deposit account	$ 20,531	$ -	$ -	$ 20,531
Certificates of deposit	644,833	-	-	644,833
Mutual funds	404,119	-	-	404,119
Fixed income funds	74,578	-	-	74,578
Beneficial interest, net asset value [a]	-	-	-	407,078
Total	$ 1,144,061	$ -	$ -	$ 1,551,139
June 30, 2022				
Cash, deposit account	$ 265,948	$ -	$ -	$ 265,948
Certificates of deposit	619,984	-	-	619,984
Mutual funds	335,322	-	-	335,322
Fixed income funds	255,697	-	-	255,697
Beneficial interest, net asset value [a]		-	-	391,009
Total	$ 1,476,952	$ -	$ -	$ 1,867,960

(a) In accordance with FASB ASC Subtopic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of net assets available for benefits.

Note 6 – Endowments

Investments in the Greater Lynchburg Community Foundation ("GLCF") management account (endowment accounts) at fair value were $407,078 and $391,009 at June 30, 2023 and 2022, respectively. The investments are in pooled investment assets and are reported as beneficial interest in assets.

The Corporation's endowment consists of individual funds established for a variety of purposes. Its endowment includes two donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 6 – Endowments (continued)

Interpretation of Relevant Law

The Board of Trustees of the Corporation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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 Corporation classifies as donor restricted in perpetuity net assets (a) the original value of gifts donated to the donor restricted in perpetuity endowment, (b) the original value of subsequent gifts to the donor restricted in perpetuity endowment, and (c) accumulations to the donor restricted in perpetuity 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 donor restricted in perpetuity restricted net assets is classified as donor-restricted restricted net assets with purpose until those amounts are appropriated for expenditure by the Corporation in a manner consistent with the standard prudence prescribed by SPMIFA. In accordance with SPMIFA, the Corporation 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 Corporation 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 Corporation
7) The investment policies of the Corporation

Spending Policy

The responsibility for investment of all institutional funds is solely the responsibility of the Board of Trustees of the GLCF. The spending policy and how the investment objectives relate to the spending policy, which is applicable to the endowments herewith presented, are stated as follows:

The Corporation's spending formula is calculated using a percentage of the value of the 12-quarter rolling average of the market value of the Endowment Funds on each December 31, such percentage to be five percent as approved by the majority of the Board of Trustees of the GLCF.

Return Objectives and Risk Parameters

The responsibility for investment of all endowment funds of the Corporation is solely the responsibility of the Board of Trustees of the GLCF. The return objectives and risk parameters applicable to the endowments herewith presented are as follows:

The GLCF has adopted investment policies for the current endowment assets that attempt to provide a predictable stream of funding for operating and capital expenditures while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Corporation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of appropriate benchmarks without putting the assets at imprudent risk.

Strategies Employed for Achieving Objectives

The responsibility for investment of all endowment funds is solely the responsibility of the Board of Trustees. The strategies employed for achieving objectives applicable to the endowments herewith presented are as follows:

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

Funds with Deficiencies

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 UMPFIA/SPMIFA requires the Corporation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported were $-0- and $-0- as of June 30, 2023 and 2022, respectively.

Note 6 – Endowments (continued)

Endowment net assets composition by type of fund and changes in endowment net assets for the year ended June 30, 2023 is as follows:

	Endowment Net Asset Composition by Type of Fund		
	Without Donor Restriction	With Donor Restriction	Total
June 30, 2023			
Donor-restricted endowment funds	$ -	$ 407,078	$ 407,078
Board-designated endowment funds	-	-	-
Total funds	$ -	$ 407,078	$ 407,078

	Changes in Endowment Fund Net Assets		
	Without Donor Restriction	With Donor Restriction	Total
June 30, 2023			
Endowment net asset, beginning of year	$ -	$ 391,009	$ 391,009
Investment return:			
Investment income	-	11,015	11,015
Net appreciation (realized and unrealized), net of fees	-	26,168	26,168
Total investment return	-	37,183	37,183
Contributions	-	-	-
Appropriations	-	(21,114)	(21,114)
Other changes:			
Transfers for recovery of restricted funds	-	-	-
Endowment net asset, end of year	$ -	$ 407,078	$ 407,078

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UNITED WAY OF CENTRAL VIRGINIA, INC.
Notes to Financial Statements
June 30, 2023 and 2022

Note 6 – Endowments (continued)

Endowment net assets composition by type of fund and changes in endowment net assets for the year ended June 30, 2022 is as follows:

	Endowment Net Asset Composition by Type of Fund		
	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2022			
Donor-restricted endowment funds	$ -	$ 391,009	$ 391,009
Board-designated endowment funds	-	-	-
Total funds	$ -	$ 391,009	$ 391,009

	Changes in Endowment Fund Net Assets		
	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2022			
Endowment net asset, beginning of year	$ -	$ 467,370	$ 467,370
Investment return:			
Investment income	-	13,996	13,996
Net appreciation (realized and unrealized), net of fees	-	(73,342)	(73,342)
Total investment return	-	407,999	407,999
Contributions	-	-	-
Appropriations	-	(16,990)	(16,990)
Other changes:			
Transfers for recovery of restricted funds	-	-	-
Endowment net asset, end of year	$ -	$ 391,009	$ 391,009

Description of Amounts Classified as Donor Restricted in Perpetuity Net Assets
and Restricted by Time Net Assets (Endowment Only)

	2023	2022
Permanently Restricted Net Assets		
(1) The portion of perpetual endowment funds that is required to be retained Permanently either by explicit donor stipulation or by UPMIFA	$ 352,180	$ 352,180
Total endowment funds classified as donor restricted by perpetuity net assets	$ 352,180	$ 352,180
Temporarily Restricted Net Assets		
(1) Term endowment funds	$ -	$ -
(2) The portion of perpetual endowment funds subject to a time restriction Under UPMIFA		
Without purpose restrictions	54,898	38,829
With purpose restrictions	-	-
Total endowment funds classified as temporarily restricted net assets	$ 54,898	$ 38,829

Note 7 - Land, building, and equipment

Land, building, equipment, and accumulated depreciation at June 30, 2023 and 2022, and depreciation expense for the years ended June 30, 2023 and 2022, were as follows:

	2023			2022		
	Cost	Accumulated Depreciation	Depreciation Expense	Cost	Accumulated Depreciation	Depreciation Expense
Land	$ 33,000	$ -	$ -	$ 33,000	$ -	$ -
Building	573,313	552,068	2,912	573,313	549,156	3,679
Furniture and equipment	171,506	159,328	5,212	171,506	154,116	5,684
Transportation	22,206	22,097	100	22,206	21,997	100
	$ 800,025	$ 733,493	$ 8,224	$ 800,025	$ 725,269	$ 9,463

Note 8 – Awards and grants

The Corporation received the following grants during the year ended June 30, 2023 and 2022:

	2023	2022
Government grants		
State grants	$ 304,846	$ 303,214
Other grants	1,411,213	1,097,143
Total government grants	1,716,059	1,400,357
Other non-governmental grants		
Other non-governmental grants	385,959	465,257
Total other non-governmental grants	385,959	465,257
Total grants	$ 2,102,018	$ 1,865,614

Note 9 – Rental income

The Corporation received rental income of $100 and $0 from other agencies under short-term leasing arrangements for space in the Corporation's building for the years ended June 30, 2023 and 2022, respectively.

Note 10 – Contributed Nonfinancial Assets and Services

As stated in Note 1, the Corporation records donations of advertising, printing and other items and the related expense at their estimated fair value. For the year ended June 30, 2023 and 2022, donated advertising and other items amounted to $69,135 and $40,000, respectively, and are presented as in-kind donations in the accompanying statement of activities. The related advertising and other expenses are presented in the accompanying statement of functional expenses.

	2023	2022
Contributed Nonfinancial Assets and Services		
Marketing	$ 42,000	$ 40,000
Other	27,135	-
	69,135	40,000

UNITED WAY OF CENTRAL VIRGINIA, INC.
Notes to Financial Statements
June 30, 2023 and 2022

Note 11 – Retirement plan

The Corporation's retirement plan is a multi-employer defined contribution Section 403(b) plan covering substantially all employees who are 18 years of age. Under the plan, the Corporation makes a contribution equal to 6% of each participant's compensation plus a matching contribution of 100% of each participant's contributions up to 3% of his or her compensation once eligibility requirements are met (18 years of age and 1 year of service). Participants can defer a portion of their compensation to the plan effective upon hire. The amounts contributed by the Corporation to the plan for the years ended June 30, 2023 and 2022 were $74,567 and $36,364, respectively.

Note 12 – Income taxes

The Corporation is exempt from income tax under Section 501(a) of the Internal Revenue Code (the "Code") and has been determined to be a charitable organization under Section 501(c)(3) of the Code, which qualifies contributions, bequests, and legacies as deductions by the donor for income, estate, and gift tax purposes. An annual information return is filed with the Internal Revenue Service. In addition, the Corporation has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

The Financial Accounting Standards Board has issued ASC 740-10 which prescribed a comprehensive model for how an organization should measure, recognize, present, and disclose in its financial statements uncertain tax positions that an organization has taken or expects to take on a tax return. The Corporation adopted ASC 740-10. The Corporation has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Corporation believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Corporation's financial condition, results of operations or cash flows. Accordingly, the Corporation has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2023 and 2022. Fiscal years ending on or after June 30, 2020 remain subject to examination by federal and state tax authorities.

Note 13 – Net assets

Net assets with donor restrictions at June 30, 2023 and 2022 consisted of the following:

	2023	2022
With Donor Restrictions		
Campaign revenue	$ 292,066	$ (57,427)
Endowments	407,078	391,009
Perpetual trusts	326,164	326,164
Net Assets with Donor Restrictions	$ 1,025,308	$ 659,746

Note 14 – Operating Lease Obligations

The Corporation leases equipment under operating leases. Rental expense relating to these leases totaled $7,853 and $11,269 for the years ended June 30, 2023 and 2022, respectively. Future minimum lease payments under noncancelable leases are as follows:

Year Ending	Amount
2022	7,642
2023	4,458
2024	-
Thereafter	-
	$ 12,100

Note 15 – Schedule of fund distribution

Agency allocations accrued for the years ended June 30, 2023 and 2022 were as follows:

	2023	2022
Adult Care Center of Central Virginia	$ 8,333	$ 30,000
Altavista Habitat for Humanity	9,000	-
Blood Services	10,000	10,000
CASA of Central Virginia	50,000	45,000
Center for Employment Trn	5,000	-
Child Care	110,000	100,833
Childcare	27,000	26,108
Community Based	30,000	30,000
Community Outreach	2,500	10,967
Congregate Meals	8,500	8,500
Counseling Center	31,500	-
Day Support	73,200	31,500
Dental	25,000	70,000
Disaster Relief	50,000	15,100
Early Childhood Ed (Head Start)	42,000	50,000
Family Support Services	25,000	37,000
Family Violence Prevention	102,000	101,562
Financial Aid	-	12,000
Food Assistance	-	7,000
Gateway Program	-	11,925
Hand Up Lodge	-	5,000
Healthy Families	17,500	17,500
Home Delivered Meals	23,250	23,250
Home Repair	-	(113)
Hope House	30,000	27,729
Housing Improve & Preservation	44,500	36,100
Jubilee Family Development Center	20,000	21,000
Medical	20,000	17,100
Otter River Resource Center	2,500	-
Pharmacy	15,000	19,000
Residence	14,000	13,900
Scoutreach	6,000	6,000
Sexual Assault	16,000	15,690
Sheltered Employment	7,500	5,000
Site Based	9,000	10,000
Special Transportation	58,000	52,000
Virginia Cares	7,500	7,500
Ways to Work	17,500	17,500
Year Round Child Care	36,250	18,740
	$ 1,000,000	$ 975,000

Note 16 – Overhead ratio

Total overhead ratio for the Corporation is calculated by taking the total supporting services and fund raising as a percentage of the total campaign revenue net of uncollectible pledges. The total overhead ratio for the years ended June 30, 2023 and 2022 was 15.9% and 15.6%, respectively.

Note 17 – Increases and Decreases in Net Assets

United Way of Central Virginia is committed to providing funds for local programs that support education, income and health. The Corporation has, at times, used net asset additions from prior years to supplement current allocations. In such cases, allocations exceed current year funds available and may result in a decrease in net assets.

In addition, because cash flows are not affected, the Corporation does not recognize net changes in its endowment and perpetual trust funds for the purpose of determining program allocations. Therefore, increases and decreases in net assets may result from net gains and losses in these funds. For the years ended June 30, 2023 and 2022, changes in endowment and perpetual trust funds resulted in net loss of $130,157 and net gain of $61,951 respectively.

Certain other increases and decreases in net assets may result from the use of modified cash basis for budgetary purposes, differences in accounting for pledge loss and the matching of campaigns to operations. Variances from GAAP are temporary in nature and usually insignificant over time.

Note 18 – Commitments and contingencies

The Corporation has reviewed commitments and contingencies and to their knowledge there are no commitments or contingencies which require disclosure as of June 30, 2023 and 2022.

Note 19 – Liquidity and Availability

The Corporation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Corporation has various sources of liquidity at its disposal, including cash and cash equivalents.

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

In addition to financial assets available to meet general expenditures over the next 12 months, the Corporation aims to operate with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Corporation's cash and shows positive cash generated by operations for 2023.

As of June 30, 2023, the following financial assets could readily be made available to meet general expenditures:

Cash and cash equivalents	$	535,404
Investments		407,078
Pledges receivable		131,421
Other receivables		105,624
Less: Accounts payable and accrued expenses		(124,611)
Less: Designations & allocations payable		(144,693)
	$	910,223

Note 20 - Subsequent Events

The Corporation has evaluated subsequent events through February 5, 2024, the date the financial statements were available to be issued.

Supplemental Information

UNITED WAY OF CENTRAL VIRGINIA, INC.
Schedule of Expenditures of Federal Awards
June 30, 2023 and 2022

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number		Federal Expenditures
U.S. Department of Health and Human Services				
Pass-through from:				
Virginia Early Childhood Foundation:				
Child Care and Development Block Grant	93.575	2102VACDC6	$	1,058,326
Total U.S. Department of Health and Human Services				1,058,326
Total expenditures of federal awards			$	1,058,326

See accompanying notes to schedule of expenditures of federal awards.

UNITED WAY OF CENTRAL VIRGINIA, INC.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of United Way of Central Virginia, Inc. under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of United Way of Central Virginia, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of United Way of Central Virginia, Inc.

Note 2 – Summary of Significant Accounting Policies

Expenditures

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through

Pass-through entity identifying numbers are presented where available.

Note 3 – Indirect Cost Rate

The Corporation has elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4 – Subrecipients

No awards were passed through to subrecipients.

Note 5 – Relationship to Financial Statements

Federal expenditures and revenues are reported in United Way of Central Virginia, Inc.'s financial statements as follows:

Grants	$	1,716,059
Less: non-federal grants		(675,753)
	$	1,058,326

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CERTIFIED PUBLIC ACCOUNTANTS

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*

To the Board of Directors of
United Way of Central Virginia, Inc.
Farmville, Virginia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of United Way of Central Virginia, Inc., which comprise the statement of financial position as of June 30, 2023 and the related statements of activities and cash flows and for the year ended, and the related notes to the financial statements, and have issued our report thereon dated February 5, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way of Central Virginia, Inc.'s internal control over financial reporting (internal control) to determine the 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 of Central Virginia, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of United Way of Central Virginia, Inc.'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 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. We consider the deficiency identified as 2023-1 in the accompanying schedule of findings and responses to be a material weakness. 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way of Central Virgina, Inc.'s financial statements are free of 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 determination of financial statement amounts. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Davidson Doyle & Hilton, LLC

Lynchburg, Virginia
February 5, 2024

DD&H DAVIDSON, DOYLE & HILTON
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors of
United Way of Central Virginia, Inc.
Farmville, Virginia

Report on Compliance for Each Major Federal Program

We have audited United Way of Central Virginia, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of United Way of Central Virginia, Inc.'s major federal programs for the year ended June 30, 2023. United Way of Central Virginia, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of United Way of Central Virginia, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about United Way of Central Virginia, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of United Way of Central Virginia, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, United Way of Central Virginia, 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, 2023.

Report on Internal Control over Compliance

Management of United Way of Central Virginia, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered United Way of Central Virginia, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of United Way of Central Virginia, Inc.'s internal control over compliance.

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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 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Davidson Doyle + Hutton, LLP

Lynchburg, Virginia
February 5, 2024

UNITED WAY OF CENTRAL VIRGINIA, INC.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section I- Summary of Auditor's Results

Financial Statements

- The auditor's report expresses an unmodified opinion on whether the financial statements of United Way of Central Virginia, Inc. were prepared in accordance with accounting principles generally accepted in the United States of America.

- During the audit of the financial statements, we identified material weaknesses in internal control as disclosed or reported in 2023-1.

- No instances of noncompliance material to the financial statements of United Way of Central Virginia, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

Federal Awards

- During the audit, no significant deficiencies or material weaknesses in internal control over major federal award programs are disclosed or reported.

- The auditor's report on compliance for the major federal award programs for United Way of Central Virginia, Inc. expresses an unmodified opinion on all major federal programs.

- The audit disclosed no audit findings relating to the major program in accordance with Section 2 CFR section 200.516(a).

Identification of Major Programs/Programs Tested

- The programs tested as major programs were:

CFDA Number	Name of Federal Program or Cluster
93.575	Child Care and Development Block Grant

- The threshold used for distinguishing between Type A and Type B programs was $750,000.

- The auditee was determined not to be a low-risk auditee.

UNITED WAY OF CENTRAL VIRGINIA, INC.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section II- Financial Statement Findings

2023-1 Financial Reporting and Reconciliation (Material Weakness)

Condition:

A key concept of internal controls is the separation of duties and timely financial reporting. During the fiscal year, transactions were posted late and bank reconciliations were not timely. The recording of transactions was not only late but inaccurately recorded in the financial records. The controls related to oversight of the financials systems and reporting were not in place to provide timely financial reports. The segregation of duties in recording transactions was not in place.

Recommendation:

Ideal segregation of duties is difficult to achieve in a small organization. However, steps should be taken to separate responsibilities where possible or implement other compensating controls where that is not possible. The oversight of these controls and reporting need to be established.

Views of Responsible Officials and Planned Corrective Action:

In conscientious recognition of these challenges, the newly appointed CEO, who assumed leadership in 2023, has undertaken a comprehensive approach to rectify and fortify organizational processes.

A structured framework, incorporating checks and balances, has been implemented. This framework mandates monthly reporting directly to the CEO, treasurer, and board. This restructuring aims to fortify our organizational resilience and ensure adherence to best practices. Management reassures our commitment to a progressive and responsible trajectory, leadership is unwaveringly confident that, with the ongoing training initiatives, installation of best practices, and stringent accountability requirements, segregation of duties will be established.

Section III- Federal Award Findings and Questioned Costs

No reportable findings noted.

Section IV- Corrective Action Plan

Finding 2023-001

Financial Reporting and Reconciliation

Views of Responsible Officials and Corrective Action:

Management agrees with the auditor's recommendation, and the following action will be taken to improve the situation. In conscientious recognition of these challenges, the newly appointed CEO, who assumed leadership in 2023, has undertaken a comprehensive approach to rectify and fortify organizational processes.

A structured framework, incorporating checks and balances, has been implemented. This framework mandates monthly reporting directly to the CEO, treasurer, and board. This restructuring aims to fortify our organizational resilience and ensure adherence to best practices. Management reassures our commitment to a progressive and responsible trajectory, leadership is unwaveringly confident that, with the ongoing training initiatives, installation of best practices, and stringent accountability requirements, segregation of duties will be established.

Name of Responsible Person:	Kim Soerensen, President and CEO
Name of Contact:	Kim Soerensen, President and CEO
Projected Implementation Date:	As soon as possible