



United Way of Southwest Virginia, Inc.

Financial Report

June 30, 2025

United Way of Southwest Virginia, Inc.

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Independent Auditor's Report

To the Board of Directors
United Way of Southwest Virginia, Inc.
Abingdon, Virginia

Opinion

We have audited the accompanying financial statements of United Way of Southwest Virginia, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Bristol, Tennessee
May 20, 2026



Financial Statements



United Way of Southwest Virginia, Inc.

Statement of Financial Position

June 30, 2025

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,157,039
Pledges receivable, net	210,755
Grants receivable	46,118
Total current assets	<u>1,413,912</u>

NONCURRENT ASSETS

Property and equipment, net	<u>6,567</u>
Total noncurrent assets	<u>6,567</u>

Total assets

\$ 1,420,479

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 317,336
Accrued liabilities	10,734
Designations payable	71,729
Total current liabilities	<u>399,799</u>

Total liabilities

399,799

NET ASSETS

Without donor restrictions	781,901
With donor restrictions	238,779
Total net assets	<u>1,020,680</u>

Total liabilities and net assets

\$ 1,420,479

United Way of Southwest Virginia, Inc.

Statement of Activities

Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND OTHER REVENUE			
SUPPORT			
Campaign			
Campaign contributions	\$ 1,301,727	\$ 4,344,443	\$ 5,646,170
Less donor designations	-	(1,875,054)	(1,875,054)
Campaign support, net	1,301,727	2,469,389	3,771,116
Federal, state, and local grants	104,551	-	104,551
In-kind contributions	26,805	-	26,805
Total support	1,433,083	2,469,389	3,902,472
OTHER REVENUE			
Miscellaneous	2,693	-	2,693
Interest and dividends	55,658	-	55,658
Net assets released from restrictions	2,290,310	(2,290,310)	-
Total other revenue	2,348,661	(2,290,310)	58,351
Total public support and other revenue	3,781,744	179,079	3,960,823
OPERATING EXPENSES			
Program expenses			
Grants and other assistance	3,019,491	-	3,019,491
Community and agency services provided	441,034	-	441,034
Total program expenses	3,460,525	-	3,460,525
Support services			
Management and general	116,869	-	116,869
Fundraising	89,239	-	89,239
Total support services expenses	206,108	-	206,108
Total expenses	3,666,633	-	3,666,633
Changes in net assets	115,111	179,079	294,190
NET ASSET BALANCE, Beginning	666,790	59,700	726,490
NET ASSET BALANCE, Ending	\$ 781,901	\$ 238,779	\$ 1,020,680

United Way of Southwest Virginia, Inc.

Statement of Functional Expenses

Year Ended June 30, 2025

	Program Service	Support Expenses		Total
		Management & General	Fundraising	
Grants and other assistance				
Grants and other assistance	\$ 3,005,420	\$ -	\$ -	\$ 3,005,420
Donated materials and services	14,071	-	-	14,071
Net grants and other assistance	<u>3,019,491</u>	<u>-</u>	<u>-</u>	<u>3,019,491</u>
Payroll expenses				
Salaries and wages	240,965	51,635	51,635	344,235
Employee benefits	24,356	5,219	5,219	34,794
Payroll taxes	20,444	4,381	4,381	29,206
Total payroll expenses	<u>285,765</u>	<u>61,235</u>	<u>61,235</u>	<u>408,235</u>
Other expenses				
Management fees	12,600	2,700	2,700	18,000
Legal and accounting	24,584	10,536	-	35,120
Advertising and promotion	14,984	3,211	3,211	21,406
Office expenses	19,509	4,180	4,180	27,869
Information technology	16,204	3,473	3,473	23,150
Occupancy	15,562	3,334	3,334	22,230
Travel	6,480	1,389	1,389	9,258
Conferences and meetings	18,545	3,974	3,974	26,493
Depreciation and amortization	6,723	1,441	1,441	9,605
Insurance	-	2,137	-	2,137
Miscellaneous	20,078	4,302	4,302	28,682
Total other expenses	<u>155,269</u>	<u>40,677</u>	<u>28,004</u>	<u>223,950</u>
Total operating expenses	<u>3,460,525</u>	<u>101,912</u>	<u>89,239</u>	<u>3,651,676</u>
Unallocated payments to national organization	-	14,957	-	14,957
Total expenses	<u>\$ 3,460,525</u>	<u>\$ 116,869</u>	<u>\$ 89,239</u>	<u>\$ 3,666,633</u>

United Way of Southwest Virginia, Inc.

Statement of Cash Flows

Year Ended June 30, 2025

OPERATING ACTIVITIES

Changes in net assets	\$ 294,190
Adjustments to reconcile changes in net assets to net cash provided by operating activities	
Depreciation and amortization	9,605
Uncollectible pledges	136,332
(Increase) decrease in:	
Pledges receivable, net	28,336
Grants receivable	(46,118)
Other receivables	33,163
Prepaid expenses	2,260
Increase (decrease) in:	
Accounts payable and accrued liabilities	305,901
Designations payable	(81,226)
Net cash provided by operating activities	<u>682,443</u>

INVESTING ACTIVITIES

Purchases of property and equipment	<u>(7,630)</u>
Net cash used in investing activities	<u>(7,630)</u>
Net increase in cash	674,813

CASH AND CASH EQUIVALENTS

Beginning of year	<u>482,226</u>
End of year	<u><u>\$ 1,157,039</u></u>

United Way of Southwest Virginia, Inc.

Notes to the Financial Statements

June 30, 2025

Note 1 – Organization and Significant Accounting Policies

Organization

United Way of Southwest Virginia, Inc. (the “Organization”) fights for the health, education, and financial stability of every person in Southwest Virginia because they are the building blocks for a good quality of life. With a footprint covering over 20% of the Commonwealth of Virginia, United Way of Southwest Virginia, Inc. supports the counties of Bland, Buchanan, Carroll, Dickenson, Floyd, Giles, Grayson, Lee, Montgomery, Pulaski, Russell, Scott, Smyth, Tazewell, Washington, Wise, and Wythe, and the cities of Bristol, Galax, Norton, and Radford.

Basis of Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are amounts currently available for use in the Organization’s operations.

Net assets with donor restrictions are limited in use by donor-imposed stipulations that expire either by the passage of time or that can be fulfilled by action of the Organization pursuant to those stipulations. Net assets with donor restrictions also include amounts required by donors to be held in perpetuity; however, the income on these assets is available to meet various restricted and other operating needs.

Cash and Cash Equivalents

For the purpose of reporting cash flows, the Organization considers all highly liquid investments purchased with an initial maturity of three months or fewer to be cash equivalents.

Cash is held in banks located in Virginia and is insured by the Federal Deposit Insurance Corporation (FDIC).

Grants Receivable

The Organization receives grants from federal and state agencies, as well as from local organizations, to be used for specific purposes. The excess of reimbursable expenditures over cash receipts is included in grants receivable. Any excess of cash receipts over reimbursement expenditures is included in net assets with donor restrictions.

Property and Equipment

Property and equipment are carried at cost, or if donated, at fair value at the date of donation, less accumulated depreciation. Depreciation is computed using the straight-line method over their estimated useful lives, which range from 3 to 5 years.

Leases

The Organization recognizes leases as described in Accounting Standards Codification (ASC) 842, *Leases*. Under ASC 842, a lease is defined as a contract, or part of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

United Way of Southwest Virginia, Inc.

Notes to the Financial Statements

June 30, 2025

The Organization classifies its leases as either finance leases or operating leases at the lease commencement date based on the criteria specified in ASC 842. This classification impacts the subsequent measurement and presentation of the lease on the financial statements.

Upon commencement of a lease, the Organization recognizes the right-of-use asset and lease liability at the present value of the lease payments over the lease term. The present value is determined using the risk-free rate unless the rate implicit in the lease is readily determinable. The Organization includes contract lease and non-lease components in their determination of lease payments.

Right-of-use assets are subsequently measured at cost, adjusted for lease payments, impairment, and any re-measurements. Lease liabilities are measured at amortized cost using the effective interest method. Lease payments are allocated between the principal reduction and interest expense.

The lease term includes the non-cancellable period of the lease and any optional renewal or termination periods, provided that the Organization is reasonably certain to exercise an option to renew or not to terminate. Short-term leases with an initial term of 12 months or fewer are expensed as incurred.

Designations Payable

Donors can choose to designate their campaign contributions to a specific organization or another United Way chapter. These contributions are recorded as donor designations. The collection of these contributions and distribution to the specified agencies are transactions in which the Organization is acting as an agent. These transactions are not reported as revenue and expense in the statement of activities. Instead, such transactions are included in the statement of activities as campaign contributions and then deducted as donor designations before arriving at campaign support, net.

Donated Materials and Services

A substantial number of volunteers have donated significant amounts of their time to the Organization's program services. However, for financial statement reporting under Financial Accounting Standards Board (FASB) ASC 958, *Not-for-Profit Entities*, only in-kind income for property, rent and professional services are recorded.

Contributions

Contributions, including unconditional promises to give or pledges receivable, are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions, when the donor's commitment is received. Unconditional promises to give without donor restrictions are recognized as operating revenues with donor restrictions unless the donor explicitly stipulates its use to support current period activities. Contributions designated to a third-party agency are excluded from revenue and recognized as liabilities until paid.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of net assets with donor restrictions class, and a reclassification to net assets without donor restrictions is made to reflect the expiration of such restrictions.

Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of the fundraising activity.

United Way of Southwest Virginia, Inc.

Notes to the Financial Statements

June 30, 2025

Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Functional Expense Allocation

In the accompanying statement of functional expenses, all expenses are allocated based upon the functions to which they relate. Expenses were allocated among the functional categories on the basis of specific identification or a defined allocations method. Such expenses include salaries and wages, as well as management fees, which are allocated based on time and effort.

Advertising Costs

Advertising costs of the Organization are expensed as incurred. Advertising expenses totaled \$21,406 in 2025.

Income Taxes

The Organization is exempt from income taxes under *Internal Revenue Code* Section 501(c)(3).

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Subsequent Events

Subsequent events were considered through May 20, 2026, the date the financials were available to be issued.

Note 2 – Pledges Receivable

Pledges receivable consist of the following as of June 30, 2025:

Expected to be collected in	
Less than one year	\$ 300,755
One to five years	-
	<hr/>
	300,755
Less allowance for uncollectible pledges	(90,000)
	<hr/>
	\$ 210,755

As of June 30, 2025, approximately 17% of the contributions receivable balance was due from one donor.

United Way of Southwest Virginia, Inc.

Notes to the Financial Statements

June 30, 2025

Note 3 – Property and Equipment

Property and equipment consist of the following at June 30, 2025:

Vehicles	\$ 29,649
Construction in progress	1,250
Total property and equipment	<u>30,899</u>
Less accumulated depreciation	(24,332)
Property and equipment, net	<u><u>\$ 6,567</u></u>

Note 4 – Net Assets

Restricted cash and net assets with donor restrictions are available for the following purposes:

Disaster relief funds	\$ 238,779
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Note 5 – Retirement Plans

The Organization maintains a SIMPLE IRA plan. Employees may contribute to the Plan on a pre-tax basis. The Organization contributes matching contributions up to 3% of an employee's compensation.