

UNITED WAY OF THE LOWCOUNTRY, INC.

AUDIT OF FINANCIAL STATEMENTS

*FOR THE NINE MONTHS ENDED DECEMBER 31, 2025
AND YEAR ENDED MARCH 31, 2025*

UNITED WAY OF THE LOWCOUNTRY, INC.
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FOR THE NINE MONTHS ENDED DECEMBER 31, 2025 AND
YEAR ENDED MARCH 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
United Way of the Lowcountry, Inc.
Beaufort, South Carolina

Opinion

We have audited the accompanying financial statements of United Way of the Lowcountry, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2025 and March 31, 2025, and the related statements of activities, functional expenses, and cash flows for the nine months ended December 31, 2025, and the year ended March 31, 2025, 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 United Way of the Lowcountry, Inc. as of December 31, 2025 and March 31, 2025, and the changes in its net assets and its cash flows for the nine months ended December 31, 2025, and the year ended March 31, 2025, 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. 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 the Lowcountry, Inc., and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 the Lowcountry, 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 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, we:

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

Caines, Hodges & Company, P.C.

May 7, 2026

UNITED WAY OF THE LOWCOUNTRY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025 AND MARCH 31, 2025

<u>Assets</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Current assets:		
Cash		
Unrestricted	\$ 955,463	\$ 776,432
Restricted for specific operating programs	113,837	177,981
Fiscal agencies	412,721	432,427
Receivables		
Promises to give, net of allowance for doubtful accounts of \$30,000 at December 31, 2025 and \$45,251 at March 31, 2025	133,109	40,145
Prepaid expenses	29,749	22,625
Total current assets	<u>1,644,879</u>	<u>1,449,610</u>
Investments (Note 2)	1,842,664	1,613,561
Property and equipment (Note 3)	747,783	779,814
Right-of-use asset - operating lease		3,194
Other assets - cash surrender value of insurance (Note 4)	<u>225,004</u>	<u>225,004</u>
	<u>\$ 4,460,330</u>	<u>\$ 4,071,183</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Current portion of operating lease obligations		\$ 4,528
Accounts payable		
Agencies	\$ 123,721	509,884
Trade	61,261	37,195
Deferred revenue	30,565	70,843
Fiscal agency funds payable (Note 6)	388,354	397,573
Total current liabilities	<u>603,901</u>	<u>1,020,023</u>
Net assets:		
Without donor restrictions	2,712,960	2,404,898
With donor restrictions (Note 12)	1,143,469	646,262
Total net assets	<u>3,856,429</u>	<u>3,051,160</u>
	<u>\$ 4,460,330</u>	<u>\$ 4,071,183</u>

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

UNITED WAY OF THE LOWCOUNTRY, INC.
STATEMENT OF ACTIVITIES
FOR THE NINE MONTHS ENDED DECEMBER 31, 2025
AND YEAR ENDED MARCH 31, 2025

	December 31, 2025	March 31, 2025
Net assets without donor restrictions:		
Support		
Contributions	\$ 1,268,969	\$ 1,939,867
Special events	113,889	2,297
In-kind donations	235,968	208,492
Rental income		3,465
Investment income	184,844	57,519
Other income	47,508	60,812
	1,851,178	2,272,452
Net assets released from restrictions by payments	375,302	341,835
	2,226,480	2,614,287
 Expenses		
Program services	1,466,745	2,016,837
Management and general	185,146	469,665
Fundraising	266,527	276,278
	1,918,418	2,762,780
 Increase (decrease) in net assets without donor restrictions	308,062	(148,493)
 Net assets with donor restrictions:		
Contributions	547,853	230,554
Grants	261,935	284,434
Investment income	62,721	22,110
	872,509	537,098
Net assets released from restrictions by payments	(375,302)	(341,835)
Increase in net assets with donor restrictions	497,207	195,263
 Increase in net assets	805,269	46,770
 Net assets - beginning of year	3,051,160	3,004,390
 Net assets - end of year	\$ 3,856,429	\$ 3,051,160

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

UNITED WAY OF THE LOWCOUNTRY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE NINE MONTHS ENDED DECEMBER 31, 2025

	Program Services				Support Services			Total
	Community Impact	Education	VITA Grant	Total Program Services	Management & General	Fundraising	Total Support Services	
Salaries and related expenses	\$ 440,078	\$ 146,693	\$ 82,515	\$ 669,286	\$ 100,851	\$ 146,693	\$ 247,544	\$ 916,830
Bank and brokerage fees					8,356		8,356	8,356
Meetings	6,809	2,269	1,276	10,354	1,560	2,269	3,829	14,183
Occupancy	17,690	5,896	3,317	26,903	4,054	5,896	9,950	36,853
Conferences and training	1,062			1,062	9,299	255	9,554	10,616
Community engagement	96,643			96,643		6,720	6,720	103,363
Computer and software fees	22,224	7,553	4,212	33,989	4,939	7,553	12,492	46,481
Dues and subscriptions	12,444	4,184	2,359	18,987	2,766	4,229	6,995	25,982
Special events			5,969	5,969		38,989	38,989	44,958
Insurance	12,495	4,165	2,343	19,003	2,863	4,165	7,028	26,031
Supplies	2,772	942	525	4,239	616	942	1,558	5,797
Postage and printing	16,178	5,498	3,067	24,743	3,596	5,498	9,094	33,837
Professional fees					19,303		19,303	19,303
Advertising and marketing	1,323		265	1,588	9,934	23,957	33,891	35,479
Office equipment	2,829	962	536	4,327	629	962	1,591	5,918
Communications	4,067	1,295	842	6,204	3,268	1,565	4,833	11,037
Travel	6,552	4,064	1,710	12,326	5,727	5,808	11,535	23,861
Volunteers			272	272				272
Miscellaneous	7,313	2,438	1,370	11,121	1,676	2,438	4,114	15,235
Bad debt	8,441	2,814	1,583	12,838	1,934	2,814	4,748	17,586
Program grants and contracted agencies	74,001	62,812	344,096	480,909				480,909
Total before depreciation	732,921	251,585	456,257	1,440,763	181,371	260,753	442,124	1,882,887
Depreciation	16,988	5,774	3,220	25,982	3,775	5,774	9,549	35,531
	\$ 749,909	\$ 257,359	\$ 459,477	\$ 1,466,745	\$ 185,146	\$ 266,527	\$ 451,673	\$ 1,918,418

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

UNITED WAY OF THE LOWCOUNTRY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2025

	Program Services				Support Services			Total
	Community Impact	Education	VITA Grant	Total Program Services	Management & General	Fundraising	Total Support Services	
Salaries and related expenses	\$ 482,525	\$ 174,531	\$ 92,398	\$ 749,454	\$ 174,530	\$ 102,665	\$ 277,195	\$ 1,026,649
Bank and brokerage fees	3,173	1,148	608	4,929	1,148	675	1,823	6,752
Meetings	5,415	1,959	1,037	8,411	1,959	1,152	3,111	11,522
Occupancy	14,080	5,093	2,696	21,869	5,093	2,996	8,089	29,958
Conferences and training	689	249	132	1,070	249	146	395	1,465
Contract labor	2,506	906	480	3,892	906	533	1,439	5,331
Community engagement	266,670	96,455	51,064	414,189	96,455	56,738	153,193	567,382
Computer and software fees	32,967	11,924	6,313	51,204	11,924	7,014	18,938	70,142
Dues and subscriptions	2,593	938	497	4,028	938	552	1,490	5,518
United Way dues	12,972	4,692	2,484	20,148	4,692	2,760	7,452	27,600
Special events	1,911	691	366	2,968	691	407	1,098	4,066
Insurance	13,593	4,917	2,603	21,113	4,917	2,892	7,809	28,922
Office equipment	3,883	1,405	744	6,032	1,405	826	2,231	8,263
Supplies	5,832	2,110	1,117	9,059	2,110	1,241	3,351	12,410
Postage and printing	15,434	5,583	2,956	23,973	5,583	3,284	8,867	32,840
Professional fees	7,050	2,550	1,350	10,950	2,550	1,500	4,050	15,000
Advertising and marketing	10,857	3,927	2,079	16,863	3,927	2,310	6,237	23,100
Leases	8,530	3,085	1,633	13,248	3,085	1,815	4,900	18,148
Communications	9,648	3,490	1,847	14,985	3,490	2,053	5,543	20,528
Travel	12,392	4,482	2,373	19,247	4,482	2,637	7,119	26,366
Volunteers	318	115	61	494	106	68	174	668
Miscellaneous	8,254	2,985	1,580	12,819	2,985	1,756	4,741	17,560
Bad debt	90,165	32,613	17,266	140,044	32,613	19,184	51,797	191,841
Program grants and contracted agencies	274,530	99,298	52,570	426,398	99,298	58,410	157,708	584,106
Total before depreciation	1,285,987	465,146	246,254	1,997,387	465,136	273,614	738,750	2,736,137
Depreciation	12,523	4,529	2,398	19,450	4,529	2,664	7,193	26,643
	\$ 1,298,510	\$ 469,675	\$ 248,652	\$ 2,016,837	\$ 469,665	\$ 276,278	\$ 745,943	\$ 2,762,780

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

UNITED WAY OF THE LOWCOUNTRY, INC.
STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2025
AND YEAR ENDED MARCH 31, 2025

	December 31, 2025	March 31, 2025
Cash flows from operating activities:		
Increase in net assets	\$ 805,269	\$ 46,770
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Non-cash contributions - securities		(43,140)
Gain on marketable securities	(213,298)	(37,734)
Depreciation	35,531	26,644
Cash surrender value of insurance		(22,464)
(Increase) decrease in:		
Receivables		4,000
Promises to give	(92,964)	309,414
Prepaid expense	(7,124)	(7,313)
Increase (decrease) in:		
Accounts payable - agencies	(386,163)	(118,966)
Accounts payable - trade	24,066	(1,876)
Deferred revenues	(40,278)	70,348
Funds due to others	(9,219)	38,312
Net cash provided by operating activities	<u>115,820</u>	<u>263,995</u>
Cash flows from investing activities:		
Proceeds from sale of marketable securities	34,166	105,033
Purchase of marketable securities	(49,971)	(175,842)
Purchases of property and equipment	(3,500)	(140,404)
Net cash used for investing activities	<u>(19,305)</u>	<u>(211,213)</u>
Cash flows from financing activities:		
Payments on lease liability	<u>(1,334)</u>	
Net increase in cash	95,181	52,782
Cash and cash equivalents - beginning of year	<u>1,386,840</u>	<u>1,334,058</u>
Cash and cash equivalents - end of year	<u>\$ 1,482,021</u>	<u>\$ 1,386,840</u>
Included in accompanying statement of position as follows.		
Cash - unrestricted	\$ 955,463	\$ 776,432
Cash - restricted for specific operations	113,837	177,981
Cash - agencies	412,721	432,427
	<u>\$ 1,482,021</u>	<u>\$ 1,386,840</u>

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

UNITED WAY OF THE LOWCOUNTRY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND MARCH 31, 2025

Nature of operations

United Way of the Lowcountry, Inc. (the Organization) is a not-for-profit organization incorporated in South Carolina whose primary revenue source is derived from an annual fundraising campaign to solicit contributions from individuals and businesses located within Beaufort and Jasper counties. Following is a summary of some of the services the Organization provides to the local community:

Community Investment/Impact - Investment of annual campaign funds to local 501(c)(3) not-for-profit organizations. Funds are granted to support programs of not-for-profit organizations based on assessments of need by the local community for the services the not-for-profits provide, the financial needs of the not-for-profit, and their impacts on the community measured by the outcomes they report. All funds granted to these support programs are approved by the Organization's Board of Directors.

Helpline - An information, referral and advocacy service linking individuals with emergent needs to appropriate health, human and advocacy services. In some cases, direct financial assistance is provided.

Direct Services - These services include casework, referrals, disaster assistance, basic emergency assistance, expenditures from the Cancer Fund, Director's Fund, Homeless Fund, Senior's Utility Fund, Barriers to Education, Operation Holiday Heroes and the Volunteer Center which is a county-wide volunteer resource development placement network.

Early Grade Reading Initiative - The Early Grade Reading Initiative, Read Indeed, was developed to augment elementary education by recruiting, training and deploying volunteers to assist struggling students with reading comprehension within elementary schools throughout Beaufort and Jasper counties. Other programs that fall under the Early Grade Reading Initiative include:

Play Partners: A pre-K program that promotes the development of early learning skills by exposing children to books. The program offers ongoing literacy development experiences that are cognitively, emotionally and socially challenging and enjoyable.

Read to Me: A kindergarten program that is one-on-one interactive read aloud which addresses the lowest level readers. The program introduces children to the structure of texts, settings, characters, plots and sequential events.

Community Development - Assesses needs and coordinates development and delivery of health and human services and agency assistance.

Volunteer Income Tax Assistance (VITA) - Provides complimentary tax preparation services for the under-served/low-income population within the local communities including outreach in the area of claiming refundable tax credits to those who qualify.

UNITED WAY OF THE LOWCOUNTRY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND MARCH 31, 2025

Note 1 - Summary of Significant Accounting Policies

The significant accounting policies followed by the Organization and the methods of applying these policies which materially affect the determination of financial position, changes in financial position, changes in net assets and results of operations are summarized as follows.

Financial Statement Presentation

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

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

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions. Items that affect this net asset category principally consist of contributions from the Organization's supporters and related expenses associated with the core activities of the Organization: program services, administrative and fundraising. In addition to these transactions, changes in this category of net assets include returns on investments and certain types of philanthropic support. Such philanthropic support includes gifts without restrictions, including those designated by the Board of Directors to function as an endowment and restricted gifts whose donor-imposed restrictions were met during the fiscal year.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. Items that affect this net asset category are gifts and contributions from donors designated for general and specific purposes. Expirations of restrictions on net assets with donor restrictions are reported as net assets released from restrictions.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of checking accounts and investments with original maturities of three months or less.

Revenue recognition

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give, if any, are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved, if material. Amortization of the discount is recorded as additional revenue in accordance with donor imposed restrictions, if any, on the contributions.

Contributions of gifts in-kind, including investment securities, are recorded as revenue at their estimated fair value in the periods received.

UNITED WAY OF THE LOWCOUNTRY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND MARCH 31, 2025

Note 1 - Summary of Significant Accounting Policies (continued)

Portions of the Organization's revenues are derived from cost-reimbursable contracts and grants which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenditures. Amounts received are recognized as revenues when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Receivables

Receivables are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on receivables using the allowance method. The allowance is based on experience and other circumstances, which may affect the ability of the donors to meet their obligations. It is the Organization's policy to charge off uncollectible accounts against the allowance for doubtful accounts when management determines the receivable will not be collected.

Unconditional promises to give consist primarily of amounts related to the Organization's annual fundraising campaign. Because campaign pledges are considered payable to the Organization within one year of the date of the donor's original pledge, no fair value discount of the amounts is considered necessary.

Property and equipment

It is the Organization's policy to capitalize property and equipment over \$2,500 and whose estimated useful lives exceed a one-year period. Purchased property and equipment is capitalized at its original purchase cost. Donations of property and equipment are recorded as contributions at their estimated fair value as of the date of donation and are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose or use. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. If there are no donor stipulations regarding how long these donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over the estimated useful lives as follows: software - 3 years, buildings and improvements - 10-40 years, property and equipment - 5 years and furniture and fixtures - 7 years.

UNITED WAY OF THE LOWCOUNTRY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND MARCH 31, 2025

Note 1 - Summary of Significant Accounting Policies (continued)

Contributed services

Services donated to the Organization are recognized as contribution revenue if the services either (a) create or enhance nonfinancial assets or (b) require specialized skills that are performed by people with those skills and would otherwise need to be purchased by the Organization if not provided by donation. During the fiscal year ended December 31, 2025 and March 31, 2025, professional services related to the Volunteer Income Tax Assistance (VITA) program received by the Organization was \$219,366 and \$201,668, respectively.

The Organization receives a significant amount of donated services from unpaid volunteers who assist in fundraising, program activities and special events. No amounts have been accounted for in the financial statements for these types of donated services because they did not meet the criteria for recognition as established by GAAP.

Investments

Contributions of securities are recorded at their fair market value as of the date of donation. Investments in debt and equity securities are measured at fair market value in the statement of financial position and unrealized gains and losses are recognized in the statement of activities.

The Organization maintains its investment accounts at two community foundations who pool the funds thereby spreading total risk for each fund amongst all funds invested in the master investment accounts. Other benefits resulting from funds being pooled include the enhancement of investment performance relative to an individual fund and reduced management fee costs. Realized and unrealized gains and losses from securities within the fund are allocated to the individual accounts based on the relationship of the fair value of each endowment to the total fair value within the master investment accounts.

Income taxes

The Organization is an exempt organization under Internal Revenue Code Section 501(c)(3) and is not subject to income tax. Therefore, no provision for income tax is recorded. Three years dating back to March 31, 2023, remain open to examination by taxing authorities.

Compensated absences

Depending on job classification and length of service, employees of the Organization are entitled to paid time off. The policy allows 40 hours of unused vacation time to carry over to a future period. The Organization's policy is to recognize the costs of these compensated absences at the time the amounts are actually paid to employees.

Deferred revenues

Deferred revenues refer to funds received by the Organization prior to its fiscal year-end for programs that are applicable to subsequent years.

UNITED WAY OF THE LOWCOUNTRY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND MARCH 31, 2025

Note 1 - Summary of Significant Accounting Policies (continued)

Cash restricted for specific use

Certain programs within the Organization have separate bank accounts and the corresponding funds are designated specifically to those activities including Helpline, VITA program and amounts reserved for extraordinary events such as natural disasters.

Agency allocations payable

Agency allocations payable represent funding amounts approved by the Organization's Board of Directors to be disbursed to other not-for-profit organizations within the local community as part of the Organization's agency support program provided during the subsequent fiscal year.

Allocation of expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimates provided by management. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on a basis of periodic time and expense studies. Management and general expenses include those costs that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of any contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Investments

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

UNITED WAY OF THE LOWCOUNTRY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND MARCH 31, 2025

Note 2 - Investments (continued)

The Board of Directors of the Organization 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 the interpretation, the Organization classifies net assets with donor restrictions as (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is restricted until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic condition, (4) the possible affect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters and Strategies - The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve a rate of return including capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 4% to 5% while growing the funds. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policies - Endowment funds are invested with two organizations: Coastal Community Foundation of South Carolina and Community Foundation of the Lowcountry. Amounts invested with Coastal Community Foundation and available for appropriations by the Board of Directors total 4% of the fund's average balance for the most recent twenty quarters. Funds invested with Community Foundation of the Lowcountry and available for spending total 5% of the previous five year average daily balance of the fund's market value. In establishing these policies, the Organization considered its long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor restrictions and the possible effects of inflation.

UNITED WAY OF THE LOWCOUNTRY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND MARCH 31, 2025

Note 2 - Investments (continued)

Endowment net assets composition by type of fund as of December 31, 2025 and March 31, 2025, are as follows:

	December 31, 2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 1,351,139		\$ 1,351,139
Donor-designated endowment funds		\$ 491,525	491,525
Total funds	\$ 1,351,139	\$ 491,525	\$ 1,842,664
	March 31, 2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 1,161,718		\$ 1,161,718
Donor-designated endowment funds		\$ 451,843	451,843
Total funds	\$ 1,161,718	\$ 451,843	\$ 1,613,561

Changes in endowment net assets as of December 31, 2025 and March 31, 2025, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, March 31, 2024	\$ 1,010,879	\$ 450,999	\$ 1,461,878
Dividends and interest	30,618	11,277	41,895
Net realized and unrealized gain	26,901	10,833	37,734
Grants from endowment		(22,016)	(22,016)
Donor contributions	111,000	750	111,750
Investment account fees	(17,680)		(17,680)
Endowment net assets, March 31, 2025	1,161,718	451,843	1,613,561
Dividends and interest	25,729	8,537	34,266
Net realized and unrealized gain	159,114	54,184	213,298
Grants from endowment		(23,039)	(23,039)
Donor contributions	18,950		18,950
Investment account fees	(14,372)		(14,372)
Endowment net assets, December 31, 2025	\$ 1,351,139	\$ 491,525	\$ 1,842,664

UNITED WAY OF THE LOWCOUNTRY, INC.
NOTES TO THE FINANCIAL STATEMENTS
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Note 2 - Investments (continued)

The Organization applies GAAP for fair value measurements of financial assets recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurement involving significant unobservable inputs (Level 3 measurements). The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level that is significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 inputs that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

All investment assets are Level 1 investments.

Donor-restricted net assets consist of the following endowment funds whose assets are to be held indefinitely:

Clarece Walker Legacy Endowment Fund - This endowment fund was established by the United Way of the Lowcountry and in 2012 was renamed in honor of Clarece Walker, a former president of the Organization. The mission of the Clarece Walker Legacy Endowment Fund is to change the tide of family circumstances by funding inspiring, cutting edge and innovative education and other activities that assist children and adults in lifting themselves and their families out of poverty. The purpose of the Clarece Walker Legacy Endowment Fund is to provide grants in fulfillment of the mission of the fund. Investment income derived from the fund is split evenly between net assets without donor restrictions and net assets with donor restrictions. As of December 31, 2025 and March 31, 2025, the value of the fund was \$515,796 and \$461,851. The funds are invested with both the Coastal Community Foundation of South Carolina, Inc. and Community Foundation of the Lowcountry, Inc.

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UNITED WAY OF THE LOWCOUNTRY, INC.
 NOTES TO THE FINANCIAL STATEMENTS
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Note 2 - Investments (continued)

Camp St. Mary Childhood Education Fund - The primary purpose of this fund is to provide charitable resources in support of programs assisting mothers and their children in accordance with the Organization's mission. Investment income derived from the fund is allocated to net assets with donor restrictions until the restrictions have been released. The value of the fund as of December 31, 2025 and March 31, 2025, was \$208,453 and \$188,743. These funds are invested with the Coastal Community Foundation of South Carolina, Inc.

Both above-noted funds are included in the balances of the investments accounts presented on the statements of financial position.

Note 3 - Property and Equipment

Property and equipment is as follows.

	December 31, 2025	March 31, 2025
Land	\$ 142,000	\$ 142,000
Buildings	645,440	645,440
Leasehold improvements	4,822	4,822
Software	124,121	120,621
Equipment and office furniture	59,756	59,756
Auto and trailers	140,404	140,404
	1,116,543	1,113,043
Less accumulated depreciation	368,760	333,229
	\$ 747,783	\$ 779,814

Depreciation expense for the years ended December 31, 2025 and March 31, 2025, amounted to \$35,531 and \$26,644, respectively.

Note 4 - Cash Surrender Value

The Organization is the owner and beneficiary of a life insurance policy given by a donor. As of December 31, 2025 and March 31, 2025, the cash surrender value of the policy amounted to \$225,004.

UNITED WAY OF THE LOWCOUNTRY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND MARCH 31, 2025

Note 5 - Lines of Credit

At December 31, 2025, the Organization had access to a line of credit through Palmetto State Bank with a maximum amount available of \$500,000 which is secured by the Organization's administrative building located in Beaufort, SC. The terms for this line of credit call for interest-only payments until the line's maturity date of March 29, 2026, at which point any outstanding principal and interest amounts are due. There was no outstanding balance at December 31, 2025 or March 31, 2025. The interest rate on borrowings is equal to 1% below prime. The interest rate as of December 31, 2025, was 6.5%. There was no interest paid in 2025.

Note 6 - Fiscal Agency Funds Payable

The Organization acts as a fiscal sponsor to a number of agencies, which engage in activities that are consistent with the Organization's mission. The Organization accepts tax-deductible donations on behalf of fiscally sponsored groups and administers the expenditures of those funds for designated tax-exempt charitable purposes.

Note 7 - Alexis de Tocqueville Designations

Alexis de Tocqueville Society contributors may establish personal designated giving funds. Standard operating procedure is to allocate the first \$5,000 (of the \$10,000 required minimum donation for program eligibility) immediately to the United Way general fund. If the donor so chooses, the remaining contribution can be designated to a pre-approved and qualified 501(c)(3) organization. Designations for Alexis de Tocqueville Society members amounted \$21,000 and \$19,000 for the nine months and year ended December 31, 2025 and March 31, 2025. These amounts are netted against contributions on the statement of activities.

Note 8 - Advertising Costs

Advertising costs are expensed as incurred. Total direct advertising costs for the nine months and year ended December 31, 2025 and March 31, 2025, were \$35,479 and \$23,100, respectively. These costs are included in advertising and marketing expenses in the statement of functional expense.

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UNITED WAY OF THE LOWCOUNTRY, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2025 AND MARCH 31, 2025

Note 9 - Employee Benefit Plan

The Organization offers its staff a retirement package pursuant to Section 401(k) of the Internal Revenue Code. The plan allows participants to defer a percentage of their compensation and provides for a mandatory employer contribution of 3% of the employee's gross wages. Entrance to the plan begins the first month following 90 days of employment. Contributions made to the plan by the employees themselves are fully vested and matching contributions made by the Organization vest at a rate of 20% per year. For the nine months and year ended December 31, 2025 and March 31, 2025, the Organization contributed \$22,893 and \$20,048 to the plan.

Note 10 - Related-Party Transactions

The Organization is affiliated with United Way Worldwide and United Way of South Carolina. Each have missions comparable to that of the Organization. Annual dues paid to these groups totaled \$23,720 and \$27,600 for the nine months and year ended December 31, 2025 and March 31, 2025.

Note 11 - Concentration

The Organization conducts its operations solely in Beaufort and Jasper counties within the state of South Carolina and its donors are sensitive to risks associated with conditions affecting the local economy in this geographic area. An economic downturn or effects from natural disasters, for which the area is prone, could cause not only a decrease in contribution revenues but also a simultaneous increase in community need for the Organization's services.

The Organization maintains its cash in bank deposit accounts at high credit quality institutions. The balance at times may exceed federally insured limits. At December 31, 2025, the Organization exceeded the federally insured limit by approximately \$354,580.

Note 12 - Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes.

	<u>December 31,</u> 2025	<u>March 31,</u> 2025
Endowment	\$ 491,525	\$ 451,843
BF Dignity Project	651,944	194,419
	<u>\$ 1,143,469</u>	<u>\$ 646,262</u>

UNITED WAY OF THE LOWCOUNTRY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND MARCH 31, 2025

Note 13 - Net Assets Released from Restrictions

Net assets were released from donor or grantor restrictions by incurring expenses satisfying the restricted purpose.

	December 31, 2025	March 31, 2025
Purpose restrictions accomplished:		
Program support	\$ 375,302	\$ 341,835

Note 14 - Liquidity

The Organization's primary revenue sources are derived from donations and grants given by individuals, businesses, governments and other not-for-profit organizations. The Organization has various sources of liquidity at its disposal including cash and cash equivalents, investments, receivables and a \$500,000 line of credit (See Note 5). The following table reflects the Organization's financial assets as of December 31, 2025, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position. Amounts not available to meet general expenditures within one year may also include net assets with donor restrictions.

Cash and cash equivalents	\$ 1,482,021
Investments	1,842,664
Receivables	133,109
Total financial assets	3,457,794
Less donor-restricted investments	(491,525)
Less board-designated investments	(1,351,139)
Less cash restricted for specific operating purposes	(113,837)
Less cash restricted for fiscal agent funds	(412,721)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,088,572

Note 15 - Change in Fiscal Year End

Effective April 1, 2025, the Organization changed its fiscal year end from March 31 to December 31. Accordingly, the accompanying financial statements include a nine-month transition period ended December 31, 2025, compared to the twelve-month fiscal year ended March 31, 2025.

As a result of the change in fiscal year end, amounts presented for the nine-month period ended December 31, 2025 are not directly comparable to amounts presented for the year ended March 31, 2025. Management believes the change in year end better aligns the Organization's reporting period with its operational and administrative activities.

UNITED WAY OF THE LOWCOUNTRY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND MARCH 31, 2025

Note 16 - Subsequent Events

Management has evaluated subsequent events through May 7, 2026, the date the financial statements were available to be issued.