

**UNITED WAY SUNCOAST, INC. AND AFFILIATE**

**Combined Financial Statements**

**June 30, 2023 and 2022  
(With Independent Auditors' Report Thereon)**

# UNITED WAY SUNCOAST, INC. AND AFFILIATE

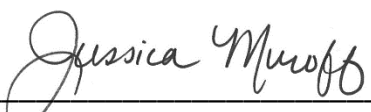
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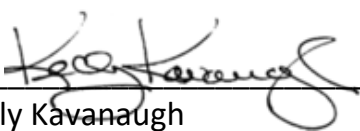
UNITED WAY SUNCOAST, INC.  
Management Certification  
Year Ended June 30, 2023

I hereby certify that:

1. I have read the audited financial statements of United Way Suncoast, Inc. for the year ended June 30, 2023.
2. Based on my knowledge, the financial statements of United Way Suncoast, Inc. for the period ended June 30, 2023 do not contain any misstatement of a material fact or omission of a material fact that would make the statements misleading.
3. Based on my knowledge, the financial statements and other financial information included in this report fairly present, in all material respects, the financial condition, results of operations and cash flows of United Way Suncoast, Inc. as of, and for the period ended, June 30, 2023.

  
\_\_\_\_\_  
Jessica Muroff  
Chief Executive Officer

October 25, 2023  
Date

  
\_\_\_\_\_  
Kelly Kavanaugh  
Chief Financial and Investments Officer

October 25, 2023  
Date



## **Independent Auditors' Report**

Board of Directors  
United Way Suncoast, Inc. and Affiliate:

### **Opinion**

We have audited the accompanying combined financial statements of United Way Suncoast, Inc. and Affiliate (collectively, the "Organization"), which comprise the combined statements of financial position as of June 30, 2023 and 2022, and the related combined statements of activities, cash flows and functional expenses for the years then ended and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, and the changes in its net assets, cash flows, and functional expenses 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Change in Accounting Principle**

As discussed in Note 1(q) to the combined financial statements, the Organization changed its method of accounting for leases as a result of the adoption of Accounting Standards Codification Topic 842, *Leases*, effective July 1, 2022, under the modified retrospective transition method. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Combined Financial Statements**

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined 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 for one year after the date that the combined financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Combined Financial Statements**

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 combined financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 combined 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.

*Mayer Hoffman McCann P.C.*

October 25, 2023  
St. Petersburg, Florida

**UNITED WAY SUNCOAST, INC. AND AFFILIATE**

**Combined Statements of Financial Position**

**June 30, 2023 and 2022**

<b>Assets</b>	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 729,558	1,103,282
Pledges receivable, less allowance for uncollectible pledges of approximately \$2,143,000 and \$1,268,000 in 2023 and 2022, respectively	3,538,983	5,513,201
Accrued interest	88,388	123,016
Accounts receivable	1,357,130	1,400,999
Prepaid expenses	532,390	174,313
Community Foundation investments	6,298,086	5,816,053
Investments	39,931,366	43,907,754
Receivable under remainder trusts and other	105,091	132,295
Gifted facility	13,455	29,435
Property and equipment, net	1,701,761	1,393,127
Operating lease right-of-use assets, net	1,103,970	-
Other	106,932	85,051
	<b>\$ 55,507,110</b>	<b>59,678,526</b>
<b>Liabilities and Net Assets</b>		
Allocations and designations payable	\$ 6,971,915	7,899,562
Other liabilities	956,648	1,775,910
Annuities payable	183,814	187,477
Obligation under remainder trust agreement	14,959	28,365
Deferred lease incentive	-	25,376
Capital lease obligations	-	145,003
Finance lease liabilities	99,908	-
Operating lease liabilities	1,577,073	-
	<b>9,804,317</b>	<b>10,061,693</b>
Net assets:		
Without donor restrictions:		
Operating reserves	317,046	3,022,488
Disaster relief reserves	1,219,925	1,219,925
Net investment in property and equipment	738,131	794,620
Board-designated for endowment	17,841,589	16,771,802
Board-designated for future allocations	85,350	85,350
Transformational community impact	15,101,905	17,933,977
	<b>35,303,946</b>	<b>39,828,162</b>
With donor restrictions	10,398,847	9,788,671
	<b>45,702,793</b>	<b>49,616,833</b>
Total net assets	<b>45,702,793</b>	<b>49,616,833</b>
Total liabilities and net assets	<b>\$ 55,507,110</b>	<b>59,678,526</b>

See accompanying independent auditors' report and notes to combined financial statements.

# UNITED WAY SUNCOAST, INC. AND AFFILIATE

## Combined Statement of Activities

**For the Year Ended June 30, 2023**  
**(With Comparative Totals for 2022)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023	2022
Gross campaign contributions	\$ 11,127,620	2,021,320	13,148,940	14,604,145
Donor designations	(1,576,324)	-	(1,576,324)	(1,711,960)
Undesignated campaign contributions	9,551,296	2,021,320	11,572,616	12,892,185
Contributions recognized in a prior period	(95,083)	-	(95,083)	(288,521)
Undesignated campaign contributions	\$ 9,456,213	2,021,320	11,477,533	12,603,664
Public support and revenue:				
Public support:				
Contributions	\$ 9,456,213	2,021,320	11,477,533	12,603,664
Provision for uncollectible pledges	(677,219)	-	(677,219)	(1,209,312)
Annual campaign, net of uncollectible pledges	8,778,994	2,021,320	10,800,314	11,394,352
Disaster response	896,587	-	896,587	-
Bequests and trusts	-	-	-	7,718
Total public support	9,675,581	2,021,320	11,696,901	11,402,070
Revenue:				
Grants and contracts	1,464,167	204	1,464,371	2,526,793
Service fee income	146,796	-	146,796	148,002
Investment return	2,319,981	843,174	3,163,155	(4,598,417)
Miscellaneous income	177,961	-	177,961	212,706
Total revenue	4,108,905	843,378	4,952,283	(1,710,916)
Net assets released from restrictions	2,274,894	(2,274,894)	-	-
Total public support and revenue	16,059,380	589,804	16,649,184	9,691,154
Expenses:				
Program services:				
Gross funds awarded/distributed	12,190,040	-	12,190,040	11,866,030
Less donor designations	(1,576,324)	-	(1,576,324)	(1,711,960)
Net funds awarded/distributed to agencies	10,613,716	-	10,613,716	10,154,070
Program services	5,045,898	-	5,045,898	4,793,313
Total program services	15,659,614	-	15,659,614	14,947,383
Supporting services:				
Fundraising	2,329,354	-	2,329,354	2,063,303
Administration	2,514,310	-	2,514,310	2,577,513
Total supporting services	4,843,664	-	4,843,664	4,640,816
Total expenses	20,503,278	-	20,503,278	19,588,199
Change in net assets before other changes	(4,443,898)	589,804	(3,854,094)	(9,897,045)
Other changes:				
Change in value of split-interest agreements	(61,413)	20,372	(41,041)	(42,779)
Loss on disposal of capital assets	(18,905)	-	(18,905)	(131,860)
Change in net assets	(4,524,216)	610,176	(3,914,040)	(10,071,684)
Net assets, beginning of year	39,828,162	9,788,671	49,616,833	59,688,517
Net assets, end of year	\$ 35,303,946	10,398,847	45,702,793	49,616,833

**UNITED WAY SUNCOAST, INC. AND AFFILIATE**

**Combined Statement of Activities**

**For the Year Ended June 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Gross campaign contributions	\$ 13,877,446	726,699	14,604,145
Donor designations	<u>(1,711,960)</u>	<u>-</u>	<u>(1,711,960)</u>
Undesignated campaign contributions	12,165,486	726,699	12,892,185
Contributions recognized in a prior period	<u>(288,521)</u>	<u>-</u>	<u>(288,521)</u>
Undesignated campaign contributions	<u>\$ 11,876,965</u>	<u>726,699</u>	<u>12,603,664</u>
Public support and revenue:			
Public support:			
Contributions	\$ 11,876,965	726,699	12,603,664
Provision for uncollectible pledges	<u>(1,209,312)</u>	<u>-</u>	<u>(1,209,312)</u>
Annual campaign, net of uncollectible pledges	10,667,653	726,699	11,394,352
Bequests and trusts	<u>7,718</u>	<u>-</u>	<u>7,718</u>
Total public support	10,675,371	726,699	11,402,070
Revenue:			
Grants and contracts	2,526,443	350	2,526,793
Service fee income	148,002	-	148,002
Investment return	<u>(3,418,065)</u>	<u>(1,180,352)</u>	<u>(4,598,417)</u>
Miscellaneous income	212,706	<u>-</u>	212,706
Total revenue	(530,914)	(1,180,002)	(1,710,916)
Net assets released from restrictions	<u>1,861,129</u>	<u>(1,861,129)</u>	<u>-</u>
Total public support and revenue	12,005,586	(2,314,432)	9,691,154
Expenses:			
Program services:			
Gross funds awarded/distributed	11,866,030	-	11,866,030
Less donor designations	<u>(1,711,960)</u>	<u>-</u>	<u>(1,711,960)</u>
Net funds awarded/distributed to agencies	10,154,070	-	10,154,070
Program services	<u>4,793,313</u>	<u>-</u>	<u>4,793,313</u>
Total program services	14,947,383	-	14,947,383
Supporting services:			
Fundraising	2,063,303	-	2,063,303
Administration	<u>2,577,513</u>	<u>-</u>	<u>2,577,513</u>
Total supporting services	4,640,816	-	4,640,816
Total expenses	<u>19,588,199</u>	<u>-</u>	<u>19,588,199</u>
Change in net assets before other changes	(7,582,613)	(2,314,432)	(9,897,045)
Other changes:			
Change in value of split-interest agreements	(14,623)	(28,156)	(42,779)
Gain on disposal of assets	<u>(131,860)</u>	<u>-</u>	<u>(131,860)</u>
Change in net assets	(7,729,096)	(2,342,588)	(10,071,684)
Net assets, beginning of year	<u>47,557,258</u>	<u>12,131,259</u>	<u>59,688,517</u>
Net assets, end of year	<u>\$ 39,828,162</u>	<u>9,788,671</u>	<u>49,616,833</u>



**UNITED WAY SUNCOAST, INC. AND AFFILIATE**

**Combined Statements of Cash Flows**

**For the Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ (3,914,040)	(10,071,684)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization expense	138,410	149,680
Noncash lease expense	499,309	-
Provision for uncollectible pledges	677,219	1,209,312
Realized and unrealized (gains) losses on investments	(2,108,461)	5,304,885
Loss on disposal of capital assets	18,905	131,860
Net gain on lease modifications and early termination of leases	(17,622)	-
Change in value of split-interest agreements	41,041	42,779
Decrease in gifted facility	15,980	16,751
Decrease in pledges receivable	1,296,999	303,357
Decrease (increase) in other receivables	107,897	(1,209,499)
Increase in prepaid expenses and other assets	(379,958)	(89,587)
(Decrease) increase in allocations and designations payable	(927,647)	308,453
(Decrease) increase in other liabilities	(755,426)	239,897
Decrease in operating lease liabilities	<u>(551,348)</u>	<u>-</u>
Net cash used in operating activities	(5,858,742)	(3,663,796)
Cash flows from investing activities:		
Property and equipment purchases	(21,854)	(71,432)
Purchases of investment securities	(9,440,666)	(27,299,793)
Proceeds from sale of investment securities	<u>15,043,482</u>	<u>8,419,170</u>
Net cash provided by (used in) investing activities	5,580,962	(18,952,055)
Cash flows from financing activities:		
Principal payments on capital lease obligations	-	(29,918)
Principal payments on finance lease obligations	(35,638)	-
Principal payments on gift annuity obligations	(43,246)	(42,687)
Principal payments on obligation under remainder trust	<u>(17,060)</u>	<u>(17,060)</u>
Net cash used in financing activities	<u>(95,944)</u>	<u>(89,665)</u>
Net decrease in cash and cash equivalents	(373,724)	(22,705,516)
Cash and cash equivalents, beginning of year	<u>1,103,282</u>	<u>23,808,798</u>
Cash and cash equivalents, end of year	\$ <u>729,558</u>	\$ <u>1,103,282</u>
Supplemental cash flow information:		
Cash paid for interest	\$ <u>18,560</u>	<u>25,553</u>
Non cash investing and financing transactions:		
Initial recognition of operating lease right-of-use assets and related operating lease liabilities upon adoption of ASC 842	\$ <u>586,243</u>	<u>-</u>
Recognition of new operating lease right-of-use assets and related operating lease liabilities	\$ <u>1,128,832</u>	<u>-</u>
Leasehold improvements acquired under operating lease incentives	\$ <u>444,095</u>	<u>-</u>

See accompanying independent auditors' report and notes to combined financial statements.

**UNITED WAY SUNCOAST, INC. AND AFFILIATE**

**Combined Statement of Functional Expenses**

**For the Year Ended June 30, 2023  
(With Comparative Totals for 2022)**

	Program Services					Supporting Services			Total	
	Early Learning and Youth Success	Neighborhood Centers	Financial Stability	Community Support Services	Total Programs	Fundraising	Administration	Total Supporting Services	2023	2022
Allocations/awards	\$ 4,980,359	403,017	5,029,702	200,638	10,613,716	1,576,324	-	1,576,324	12,190,040	11,866,030
Less donor designations	-	-	-	-	-	(1,576,324)	-	(1,576,324)	(1,576,324)	(1,711,960)
	4,980,359	403,017	5,029,702	200,638	10,613,716	-	-	-	10,613,716	10,154,070
Salaries	785,951	320,232	399,505	858,291	2,363,979	1,251,450	940,092	2,191,542	4,555,521	4,522,560
Payroll taxes/PEO fees	58,583	24,819	31,436	65,310	180,148	97,784	72,641	170,425	350,573	353,028
401(k) and pension	21,181	8,154	14,244	26,262	69,841	30,769	22,608	53,377	123,218	112,076
Other employee benefits	116,474	61,150	52,427	92,666	322,717	179,203	130,149	309,352	632,069	602,988
	982,189	414,355	497,612	1,042,529	2,936,685	1,559,206	1,165,490	2,724,696	5,661,381	5,590,652
Legal fees	5	3	8	15	31	21	35,312	35,333	35,364	15,665
Accounting and audit fees	3,121	4,144	5,794	8,886	21,945	12,944	68,019	80,963	102,908	77,086
Professional and consulting fees	177,050	100	154,507	142,501	474,158	106,537	122,461	228,998	703,156	326,619
Advertising and promotion	-	-	25,289	123	25,412	3,977	99,772	103,749	129,161	186,037
Office expense	2,756	4,575	3,297	6,736	17,364	6,802	58,395	65,197	82,561	119,111
Information technology	54,541	74,196	132,498	174,578	435,813	213,887	453,956	667,843	1,103,656	924,108
Occupancy	39,457	65,194	73,516	126,894	305,061	183,779	175,158	358,937	663,998	769,249
Travel	14,633	2,213	15,737	15,461	48,044	27,098	17,983	45,081	93,125	37,732
Conferences, conventions and meetings	198	388	4,424	4,811	9,821	16,755	18,620	35,375	45,196	61,415
Interest	-	-	62	54	116	77	18,367	18,444	18,560	25,553
UWW and UWFL dues	19,602	5,343	33,681	63,014	121,640	93,620	61,706	155,326	276,966	428,146
Depreciation and amortization	10,053	13,103	16,779	28,344	68,279	41,960	28,171	70,131	138,410	149,680
Insurance	5,914	5,554	8,896	17,571	37,935	23,620	25,707	49,327	87,262	55,647
Printing	1,437	4,595	18,705	1,843	26,580	4,123	8,094	12,217	38,797	43,558
Program and campaign supplies	376,117	24,912	13,466	59,470	473,965	4,592	81	4,673	478,638	379,489
Memberships, sponsorships and registrations	4,843	984	7,622	20,603	34,052	25,899	116,123	142,022	176,074	193,352
Other expenses	1,125	1,835	2,751	3,286	8,997	4,457	40,895	45,352	54,349	51,030
	710,852	207,139	517,032	674,190	2,109,213	770,148	1,348,820	2,118,968	4,228,181	3,843,477
Total expenses	\$ 6,673,400	1,024,511	6,044,346	1,917,357	15,659,614	2,329,354	2,514,310	4,843,664	20,503,278	19,588,199

See accompanying independent auditors' report and notes to combined financial statements.

**UNITED WAY SUNCOAST, INC. AND AFFILIATE**

**Combined Statement of Functional Expenses**

**For the Year Ended June 30, 2022**

	Program Services					Supporting Services			Total	
	Early Learning and Youth Success	Neighborhood Centers	Financial Stability	Community Support Services	RISE	Total Programs	Fundraising	Administration		Total Supporting Services
Allocations/awards	\$ 4,542,403	429,250	3,259,739	190,778	1,731,900	10,154,070	1,711,960	-	1,711,960	11,866,030
Less donor designations	-	-	-	-	-	-	(1,711,960)	-	(1,711,960)	(1,711,960)
	4,542,403	429,250	3,259,739	190,778	1,731,900	10,154,070	-	-	-	10,154,070
Salaries	524,933	406,142	420,361	790,421	538	2,142,395	1,142,560	1,237,605	2,380,165	4,522,560
Payroll taxes/PEO fees	40,627	32,636	32,772	63,442	-	169,477	83,753	99,798	183,551	353,028
401(k) and pension	10,428	11,447	9,263	21,911	-	53,049	29,086	29,941	59,027	112,076
Other employee benefits	72,447	74,888	59,629	109,650	60	316,674	156,893	129,421	286,314	602,988
	648,435	525,113	522,025	985,424	598	2,681,595	1,412,292	1,496,765	2,909,057	5,590,652
Legal fees	-	-	-	7,170	-	7,170	-	8,495	8,495	15,665
Accounting and audit fees	5,144	6,831	9,535	14,295	-	35,805	21,336	19,945	41,281	77,086
Professional and consulting fees	16,350	-	48,711	130,750	83,375	279,186	164	47,269	47,433	326,619
Advertising and promotion	-	3,834	35,979	2,300	-	42,113	1,844	142,080	143,924	186,037
Office expense	3,280	14,255	19,906	6,241	-	43,682	24,401	51,028	75,429	119,111
Information technology	38,931	52,622	97,080	149,342	232,600	570,575	142,609	210,924	353,533	924,108
Occupancy	47,507	108,179	98,666	145,732	-	400,084	207,842	161,323	369,165	769,249
Travel	6,396	1,401	4,225	6,724	-	18,746	11,732	7,254	18,986	37,732
Conferences, conventions and meetings	4,346	907	1,656	3,147	-	10,056	14,207	37,152	51,359	61,415
Interest	-	28	141	118	-	287	174	25,092	25,266	25,553
UWW and UWFL dues	31,299	17,256	52,150	91,777	-	192,482	133,525	102,139	235,664	428,146
Depreciation and amortization	15,163	14,764	17,825	26,111	-	73,863	38,746	37,071	75,817	149,680
Insurance	4,380	3,159	6,116	11,265	-	24,920	14,455	16,272	30,727	55,647
Printing	1,493	-	18,382	601	-	20,476	8,337	14,745	23,082	43,558
Program and campaign supplies	166,524	116,855	29,291	48,259	-	360,929	1,086	17,474	18,560	379,489
Memberships, sponsorships and registrations	4,422	-	2,073	18,397	-	24,892	24,127	144,333	168,460	193,352
Other expenses	619	984	2,869	1,980	-	6,452	6,426	38,152	44,578	51,030
	345,854	341,075	444,605	664,209	315,975	2,111,718	651,011	1,080,748	1,731,759	3,843,477
Total expenses	\$ 5,536,692	1,295,438	4,226,369	1,840,411	2,048,473	14,947,383	2,063,303	2,577,513	4,640,816	19,588,199

See accompanying independent auditors' report and notes to combined financial statements.

# UNITED WAY SUNCOAST, INC. AND AFFILIATE

## Notes to Combined Financial Statements

June 30, 2023 and 2022

### (1) Nature of Activities and Summary of Significant Accounting Policies

#### (a) Nature of Activities

The United Way Suncoast, Inc. (the “Organization” or “United Way”) is a not-for-profit organization governed by a volunteer board of directors. United Way Suncoast’s mission is to provide leadership that improves lives and creates lasting community change by mobilizing the caring people of our communities to give, advocate, and volunteer.

United Way Suncoast severs the constraints that prevent families from thriving. When we provide pathways to early learning, financial stability and youth success, we lift up families as they cultivate a future beyond the circumstantial constraints put on them. We provide choices. We provide opportunities. We create space for families to grow without limitations, elevating communities by building a future with equity for all.

United Way Suncoast takes a placed-based approach aligning our investments, partnerships and programs in neighborhoods, ZIP codes and school attendance zones where our Asset Limited, Income Constrained, Employed (“ALICE”) families live through a committed focus on:

#### *Early Learning and Youth Success*

When a young child enters kindergarten ready for school, there is an 82% chance that child will master basic skills by age 11, compared with a 45% chance for children who are not school ready. United Way Suncoast concentrates on ensuring children enter kindergarten ready to learn by strengthening caregivers as their child’s first teacher, providing early learning educators with professional development opportunities, and enhancing early learning centers to provide high-impact tools to strengthen school readiness. We ensure school-age children have the supports they need by helping more children attend summer programs to combat summer learning loss and collaborate with the school district to provide additional in school supports and access to before and after-school programs so all children are reading on grade-level by the end of 3rd grade.

Students who drop out of high school today become the struggling workers of tomorrow, those who move from low-paying job to low-paying job, are constantly struggling to support their families. United Way Suncoast works to help put middle and high school students on a path to graduate from high school ready to pursue college or career training that enables family-sustaining employment. This is accomplished through investments in strategic community partners and programs and services that create supportive learning environments, identify and intervene with at-risk students, connect students to careers, improve attendance and increase caregiver involvement so students’ successfully complete high school.

## UNITED WAY SUNCOAST, INC. AND AFFILIATE

### Notes to Combined Financial Statements - Continued

#### (1) Nature of Activities and Summary of Significant Accounting Policies - Continued

##### (a) Nature of Activities - Continued

###### *Neighborhood Centers*

United Way Suncoast Resource Centers, strategically located in under resourced areas, were designed to meet families where they live and provide services and programs targeted to the needs of each individual community. We concentrate on creating opportunities for education and training that lead to a direct pipeline between community members and local employers, providing access to better employment opportunities, and address social determinants of health. Resource centers are operated in the following areas: Sulphur Springs (Tampa), North Greenwood (Clearwater), Campbell Park (South St. Petersburg), and United Way Suncoast Reading Rooms in Manatee County.

###### *Financial Stability*

When earned wages don't support the basic needs of a family and when debt and lack of money management skills rob individuals of their dreams, a cycle of generational poverty can have implications for present and future generations. United Way Suncoast concentrates on ensuring our ALICE families have access to financial services and supports as well as career opportunities that lead to a family sustaining wage that put them on a path to financial stability. This is accomplished through programs and services that provide access to certificate programs or higher education degrees, help individuals retain and sustain their assets including access to benefits, safe and affordable banking and sound financial knowledge, and by removing systemic barriers to increase access to financial supports.

###### *Community Support Services*

United Way supports a network of services to help individuals/families in crisis move past immediate need to participate fully in United Way's Collective Impact priorities. Programs include health, nutrition/food assistance, shelter and safety interventions.

###### *R.I.S.E*

Philanthropist MacKenzie Scott gave a transformational gift of \$20 million to United Way Suncoast in December 2020. The message was clear: extend your mission work, help more people, address the challenges brought on by the pandemic and the nation's social justice reawakening. Reach, Invest, Support and Empower community members. Through thoughtful determination, United Way Suncoast created the R.I.S.E. (Reach, Invest, Support and Empower) Task Force and a blueprint that aligns with their new strategic plan while staying focused on the key impact areas outlined above: Early Learning, Youth Success, and Financial Stability.

UNITED WAY SUNCOAST, INC. AND AFFILIATE

Notes to Combined Financial Statements - Continued

(1) Nature of Activities and Summary of Significant Accounting Policies - Continued

(b) Accounting Method

The combined financial statements of the Organization have been prepared on the accrual basis. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. In the accompanying combined financial statements, net assets that have similar characteristics have been combined into similar categories as follows:

- (i) *Net assets without donor restrictions*: Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Designations of net assets without donor restrictions are summarized as follows:

*Operating reserves* are used to fund special projects, emergencies and portions of the operating budget as approved by the Board of Directors in the budget process. The funded operating reserve goal is to achieve and maintain between three and six months of program funding and operating costs.

*Disaster relief reserves* are available for use in the event a major disaster strikes the Tampa Bay community. The funded disaster relief reserve goal is to maintain \$1 million.

*Net investment in property and equipment* is equal to the net book value of property and equipment less related liabilities.

*Designated for endowment* is the level of investments designated by the Board to earn interest and appreciation with the long-term goal of growth.

*Designated for future allocations* are funds made available for future allocations to partner and other agencies for educational programs in the Manatee area.

*Transitional community impact* is made available to fund strategic initiatives and priorities of the region served by United Way Suncoast and aligned to support the Board approved Organization strategic plan.

- (ii) *Net assets with donor restrictions*: Net assets with donor restrictions whose use by the Organization is subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.

Some net assets with donor restrictions include a stipulation that assets provided be maintained in perpetuity while permitting the Organization to spend the income generated by the assets for specific programs under certain named endowments as well as earnings without donor restrictions under various general endowments as more fully described in Note 9.

## UNITED WAY SUNCOAST, INC. AND AFFILIATE

### Notes to Combined Financial Statements - Continued

#### (1) **Nature of Activities and Summary of Significant Accounting Policies - Continued**

##### (c) **Principles of Combination**

The combined financial statements include the financial statements of United Way Suncoast, Inc. and United Way Foundation of Manatee (collectively, “United Way” or the “Organization”). Effective November 2, 2022, United Way Suncoast, Inc.’s Board of Directors approved the dissolution of United Way Foundation of Manatee. All significant inter-organizational balances and transactions have been eliminated in the combination.

##### (d) **Activities**

Public support consists primarily of pledges promised and of payments on pledges made during annual fund-raising campaigns. All public support is considered to be available for unrestricted use unless specifically restricted by the donor. Pledge income is recognized when unconditional pledge commitments are received, and allowances are provided for amounts estimated to be uncollectible.

Allocations expense is recognized when the commitment is made to pay allocations to participating agencies. The Organization’s Board of Directors approves allocations for commitment two times a year.

##### (e) **Functional Expense Allocations**

The costs of providing the Organization’s various programs have been summarized on a functional basis in the combined statement of functional expenses. Expenses directly attributable to a specific functional area of the Organization are reported as direct expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the functional areas based on time spent by employees on each functional area or based on the Organization’s square footage analysis for all indirect occupancy-related expenses.

##### (f) **Cash and Cash Equivalents**

Cash and cash equivalents include short-term investments with original maturities of three months or less.

##### (g) **Investments**

Investments in equity securities with readily determinable fair value and all investments in debt securities are reported at fair value in the combined statement of financial position. Investment income (including realized and unrealized gains and losses on investments, interest and dividends) is reflected in the combined statement of activities. Purchases and sales of investments are recorded on the trade date. The cost of investments sold is determined by the specific identification method.

## UNITED WAY SUNCOAST, INC. AND AFFILIATE

### Notes to Combined Financial Statements - Continued

#### (1) Nature of Activities and Summary of Significant Accounting Policies - Continued

##### (h) Contributions and Allowance for Uncollectible Pledges

Contributions received, including unconditional promises to give, are recorded as with or without donor restrictions in the combined statement of activities, depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Conditional contributions are recorded as revenue when such amounts become unconditional which generally involves the meeting of a barrier to entitlement. This can include items like meeting a matching provision, incurring specified allowable expenses in accordance with a framework of allowable costs or other barriers.

A portion of the Organization's revenue is derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as other liabilities in the combined statement of financial position. The Organization received cost-reimbursable grants of approximately \$51,000 that have not been recognized at June 30, 2023 because qualifying expenditures have not yet been incurred, with advance payments of \$363,661 recognized as a component of other liabilities in the combined statement of financial position.

The allowance for uncollectible pledges is computed based upon a three-year historical average of campaign collections adjusted by management estimates of current economic factors, applied to individual campaigns, including donor designations. Management's estimate of the allowance is subject to a significant degree of uncertainty and actual collections experience may differ from projected campaign results.

##### (i) Going Concern Evaluation

On an annual basis, as required by Accounting Standards Codification ("ASC") Topic 205, *Presentation of Financial Statements - Going Concern*, the Organization performs an evaluation to determine whether there are conditions or events (known and reasonably knowable), 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 combined financial statements are available to be issued. Management's assessment did not indicate that substantial doubt is raised about the ability to remain a going concern for one year from the date the combined financial statements were available for issuance.

##### (j) Designations

All pledges designated to 501(c)(3) agencies are sent directly to those agencies or to federations for future distribution to member agencies.



## UNITED WAY SUNCOAST, INC. AND AFFILIATE

### Notes to Combined Financial Statements - Continued

#### (1) Nature of Activities and Summary of Significant Accounting Policies - Continued

##### (k) Property and Equipment

Property and equipment are recorded at cost or, in the case of donated items used in operations, at fair value on the date received. The Organization capitalizes all purchases and donated items with a cost or fair value in excess of \$1,000.

Depreciation of property and equipment is provided for by the use of the straight-line method. The estimated useful lives range from fifteen to forty years for buildings and improvements and three to ten years for furniture and equipment. Leasehold improvements are amortized over the lesser of their estimated useful lives or the related lease term. Property and equipment and the allowance for depreciation are relieved upon retirement or sale and the related gain or loss is included in the combined statements of activities.

##### (l) Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under the provisions of the Florida Statutes. The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. The Organization reports no unrelated business taxable income; however, such status is subject to final determination upon examination of the related income tax returns by the appropriate taxing authorities. The Organization has adopted the provisions of ASC Topic 740 relating to *Accounting for Uncertainty in Income Taxes* and does not believe it has any material income tax exposure relating to uncertain tax positions. The income tax filings for United Way Suncoast, Inc., United Way of Manatee County, Inc. and United Way Foundation of Manatee County for the year ended June 30, 2020 and thereafter remain subject to examination.

##### (m) Concentration of Credit Risk

The Organization has no financial instruments which subject it to off-balance-sheet risk. Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash and cash equivalents, investments in debt securities and pledges receivable. The Organization maintains its cash balances with what management believes to be high-credit quality financial institutions. Management considers the credit-worthiness of issuers of debt securities as part of its overall investment evaluation and monitoring process. Credit risk related to pledges receivable is alleviated due to the large number of individual donors.

## UNITED WAY SUNCOAST, INC. AND AFFILIATE

### Notes to Combined Financial Statements - Continued

#### (1) Nature of Activities and Summary of Significant Accounting Policies - Continued

##### (n) Leases

The Organization leases office space and certain office equipment. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (“ROU”) assets and operating lease liabilities on the accompanying combined statements of financial position. Finance leases are included in property and equipment and financing lease liabilities on the accompanying combined statements of financial position.

ROU assets represent the Organization’s right to use an underlying asset for the lease term and lease liabilities represent the Organization’s obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Organization’s leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization’s lease terms may include options to extend or terminate the lease when it is reasonably certain the Organization will exercise the option. The Organization’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

##### (o) Use of Estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements. Estimates also affect the reported amounts of changes in net assets during the reporting period. Actual results could differ from those estimates.

##### (p) Fair Value Measurements

The Organization has adopted the provisions of ASC Topic 820, *Fair Value Measurement*, which requires the use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices that are observable for the assets or liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

## UNITED WAY SUNCOAST, INC. AND AFFILIATE

### Notes to Combined Financial Statements - Continued

#### (1) Nature of Activities and Summary of Significant Accounting Policies - Continued

##### (q) Recent Accounting Pronouncements

In February 2016, the FASB issued guidance under ASC Topic 842, *Leases*, to increase transparency and comparability among organizations by requiring the recognition of ROU assets and lease liabilities on the combined statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of the combined financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective July 1, 2022 and recognized and measured leases existing at, or entered into after, July 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC Topic 840.

The Organization elected the available practical expedients to account for their existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard; (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance; or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new leasing accounting guidance, the Organization recognized on July 1, 2022 a lease liability at the carrying amount of the capital lease obligations on June 30, 2022, of \$145,003 and right-of-use assets at the carrying amount of the capital lease assets of \$125,487. The Organization also recognized on July 1, 2022, operating lease liabilities of \$586,243, which represent the present value of the remaining operating lease payments of \$592,798 discounted using risk-free rates of return ranging from 2.79% to 2.84%, and right-of-use assets of \$497,031 which represents the operating lease liability adjusted for prepaid rents and unamortized deferred lease incentives. The adoption of the new leasing accounting guidance had no effect on the Organization's net assets as of July 1, 2022.

The standard had an impact on the Organization's combined statement of financial position as of June 30, 2023 but did not have an impact on the Organization's combined statements of activities or cash flows for the year then ended. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases, while the accounting for the Organization's finance leases remained substantially unchanged.

**UNITED WAY SUNCOAST, INC. AND AFFILIATE**

**Notes to Combined Financial Statements - Continued**

**(2) Investments**

Investments, stated at fair value, consist of the following at June 30, 2023 and 2022:

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash, money market funds, and certificates of deposit	\$ 2,558,008	2,558,008	1,789,175	1,789,175
U.S. government and agency obligations	8,278,380	7,993,421	7,963,413	7,701,097
Mortgaged-backed securities	9,002,126	8,610,926	11,509,942	11,236,468
Municipal bonds	277,709	275,139	2,145,344	2,123,013
Corporate bonds	2,943,615	2,762,946	4,357,619	4,126,917
Bond mutual funds	3,029,684	2,662,099	3,544,388	3,204,865
Exchange traded funds	11,096,212	15,068,827	11,409,766	13,726,219
	<u>\$ 37,185,734</u>	<u>39,931,366</u>	<u>42,719,647</u>	<u>43,907,754</u>

The Organization's investments in corporate bonds are not concentrated in a single entity or in a few entities nor are there any specific industry concentrations. Investments include amounts which include donor restrictions for endowment purposes.

Investment return consists of the following for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 1,179,757	859,160
Realized and unrealized gains (losses)	<u>2,108,461</u>	<u>(5,304,885)</u>
	3,288,218	(4,445,725)
Less investment expenses	<u>(125,063)</u>	<u>(152,692)</u>
	<u>\$ 3,163,155</u>	<u>(4,598,417)</u>

Investment income includes earnings from certificates of deposit and from Community Foundation investments.

**(3) Community Foundation Investments**

In 1992, the Organization established a fund account with the Community Foundation of Tampa Bay, Inc. naming itself as the beneficiary. Under the terms of the fund agreement, the Community Foundation of Tampa Bay, Inc. has not been granted variance power over the funds. Distributions may be made from the fund with approval from the United Way Board of Directors. The Organization did not receive any distributions from the fund in fiscal 2023 or 2022. At June 30, 2023, the balance of investments held by the Community Foundation of Tampa Bay, Inc. was \$1,761,778 and the net investment income for the year then ended was \$153,904. At June 30, 2022, the balance of investments held by the Community Foundation of Tampa Bay, Inc. was \$1,607,874, and net investment loss for the year then ended was \$161,736.

**UNITED WAY SUNCOAST, INC. AND AFFILIATE**

**Notes to Combined Financial Statements - Continued**

**(3) Community Foundation Investments - Continued**

In 2019, the Board of Directors established an account at the Community Foundation of Manatee County by transferring the majority of the Foundation's investments totaling \$3,663,566. Under the terms of the agreement with the Community Foundation of Manatee County, these assets will be invested at the Community Foundation of Manatee County for a period of three years. At June 30, 2023, the balance of investments held by the Community Foundation of Manatee County was \$4,536,308 and net investment income for the year then ended was \$328,129. At June 30, 2022, the balance of investments held by the Community Foundation of Manatee County was \$4,208,179 and the net investment loss for the year end was \$1,061,898.

**(4) Charitable Remainder Trusts**

The Organization has been named as a remainder beneficiary under several charitable remainder trusts. Under one of the charitable remainder unitrust agreements, the Organization was also named the trustee. Under the terms of the trusts, quarterly distributions are paid to income beneficiaries over their lifetimes or over defined periods. Quarterly distributions range from actual earnings to fixed rates ranging from 6% to 7% of the fair value of the trust assets as of the beginning of each year. Upon the death of income beneficiaries and donors, the remaining assets are available for the Organization's use. The portion of the trust attributable to the present value of the future benefits to be received by the Organization is recorded in the combined statement of activities as a contribution with donor restrictions in the period the trust is established, and the Organization is notified of its existence. Assets held under the charitable remainder trust are included with investments in the accompanying combined statement of financial position and are reported at their estimated fair value. Receivables under remainder trust agreements and the obligation under a remainder trust are also reported at their estimated fair values in the accompanying combined statement of financial position.

**(5) Property and Equipment**

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

	<b>2023</b>	<b>2022</b>
Land	\$ 276,459	276,459
Buildings and improvements	1,300,878	1,332,835
Leasehold improvements	522,490	976,593
Furniture, fixtures and equipment	555,916	1,140,425
Construction-in-progress	444,095	-
	3,099,838	3,726,312
Less accumulated depreciation	(1,398,077)	(2,333,185)
	<b>\$ 1,701,761</b>	<b>1,393,127</b>

For the years ended June 30, 2023 and 2022, depreciation and amortization expense was \$138,410 and \$149,680, respectively.

## UNITED WAY SUNCOAST, INC. AND AFFILIATE

### Notes to Combined Financial Statements - Continued

#### (5) Property and Equipment - Continued

In 2006, the United Way of Manatee County, Inc. and the Manatee Chamber of Commerce, Inc. (“Chamber”) conducted a joint fundraising campaign in an effort to raise capital to fund the construction of an office building to be jointly occupied and utilized by both nonprofit organizations under a Joint Venture Operating Agreement (“Agreement”). In November 2008, construction was completed, and the McClure Center building was placed in service. The United Way is the fee simple title holder and owner of an undivided 50% interest, as a tenant in common of the property. There is a special warranty deed on the building which restricts the use of the building for a period of twenty-five years. This restriction requires that the building be fully occupied by the Chamber and/or United Way.

The Agreement specifies with the exception of janitorial services and property and casualty insurance premiums, the costs and expenses associated with the operation and use of the building will be shared equally to the extent that such expenses are incurred on behalf of both parties. Janitorial services and property and casualty insurance premiums are allocated based on the square footage of the building occupied by each entity. United Way’s share of facility operating costs was \$46,045 and \$32,117 for the years ended June 30, 2023 and 2022, respectively.

#### (6) Gifted Facility

The Organization leases land from the School Board of Hillsborough County at a rental rate of \$1 per year. In February 2019, the lease was extended to May 2024. Accordingly, the Organization has recorded a gifted facility contribution which represents the present value of the excess of the aggregate fair rental value of the land lease over below market rent payments due over the remaining term of the lease.

Recognition of the fair value of this lease as of and for the years ended June 30, 2023 and 2022 is summarized below:

Fair value of gifted facility at June 30, 2021	\$	46,186
Recognition of fair value of gifted land lease		350
Recognition of rent expense for the year ended June 30, 2022		<u>(17,101)</u>
Fair value of gifted facility at June 30, 2022		29,435
Recognition of fair value of gifted land lease		204
Recognition of rent expense for the year ended June 30, 2023		<u>(16,184)</u>
Fair value of gifted facility at June 30, 2023	\$	<u><u>13,455</u></u>

**UNITED WAY SUNCOAST, INC. AND AFFILIATE**

**Notes to Combined Financial Statements - Continued**

**(7) Annuities Payable**

The Organization is certified by the State of Florida to market and manage charitable gift annuity contracts. Under these contracts, a donor transfers assets to the Organization at the beginning of the contract and the Organization makes predetermined quarterly or semi-annual payments to the donor, or in certain cases donors' spouses, over their remaining lifetimes. Upon the donors' death, the remaining assets are available for the Organization's use. Annuities payable are stated at the actuarial present value of future cash flows expected to be paid to donors over their lifetimes. The discount rate used in computing the present value of annuities payable ranges from 3.97% to 4.87% as of June 30, 2023 and from 2.92% to 3.04% as of June 30, 2022.

State law requires that the Organization maintain a reserve fund in connection with its gift annuity program. The required amount to be maintained in the fund is based on a multiple of the actuarial present value of the related annuity obligations.

**(8) Net Assets With Donor Restrictions**

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

	<b>2023</b>	<b>2022</b>
Net assets subject to donor use restrictions:		
Future campaign pledges	\$ -	95,083
Remainder trusts and other	190,142	217,347
Gifted facility:		
Sulphur Springs Resource Center	13,455	29,435
Program initiatives	1,661,854	1,403,993
	1,865,451	1,745,858
Net assets subject to time restrictions:		
Unappropriated endowment earnings	4,810,569	4,338,162
	4,810,569	4,338,162
Net assets to be held in perpetuity:		
Donor endowments	3,518,538	3,518,538
Charitable remainder unitrust	204,289	186,113
	\$ 10,398,847	9,788,671

At June 30, 2023 and 2022, donor endowments include \$2,201,507 of general endowments with no restrictions on the use of earnings and \$1,317,031 of named endowments which restrict the use of endowment earnings for specific purposes.

## UNITED WAY SUNCOAST, INC. AND AFFILIATE

### Notes to Combined Financial Statements - Continued

#### (9) Endowment Funds

The Organization's internally-controlled endowment net assets are comprised of investments held in various donor endowments, investments held under a charitable remainder trust agreement, and funds designated by the Board of Directors to function as endowments. 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.

#### *Interpretation of Relevant Law*

The Board of Directors of the Organization has interpreted the wishes of donors and state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies net assets restricted by the donor in perpetuity as (a) the original value of gifts donated to the endowment; (b) the original value of subsequent gifts to the endowment; and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The Organization classifies investment earnings on endowments as a component of net assets with donor restrictions if not appropriated for expenditure in the period earned. Once investment earnings are appropriated for expenditure, the Organization reclassifies the amount appropriated as a component of net assets without donor restrictions.

#### *Investment Return Objectives, Risk Parameters and Strategies*

The Organization has adopted investment policies, approved by the Board of Directors. The policies stipulate that the endowment investments should be managed as a long-term goal designed to maximize the returns without exposure to undue risk. Whereas it is understood that fluctuating rates of return are characteristic of the securities markets, the greatest concern should be long-term appreciation of the assets and consistency of total portfolio returns. Recognizing that short-term market fluctuations may cause variations in the account performance, the Organization will pursue a strategy seeking to exceed a benchmark return of a target portfolio consisting of the following:

	<u>Cash and Equivalents</u>	<u>Fixed Income</u>	<u>Equities</u>
Operating reserves:			
Tampa area	9%	61%	30%
Sarasota area	7%	30%	63%
Named endowments	7%	30%	63%
Charitable gift annuities	15%	40%	45%
Charitable remainder trusts	7%	30%	63%



**UNITED WAY SUNCOAST, INC. AND AFFILIATE**

**Notes to Combined Financial Statements - Continued**

**(9) Endowment Funds - Continued**

*Spending Policy*

The Organization's spending policies allow for the distribution of assets for operating expenses as follows:

<u>Investment Class</u>	<u>Spending Policy</u>
Operating and capital reserves	5% annually of the average fair value of investments at March 31st of each of the previous three years
Endowment assets:	
General and board-designated named endowments	5% annually of the average fair value of investments at March 31st of each of the previous three years
Charitable gift annuity investments	Actuarially determined annuity payments due
Charitable remainder unitrust assets	6% of fair value of investments as of each January 1st

Endowment net asset composition by type of fund as of June 30, 2023 and 2022 follows:

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total Endowment Net Assets</u>
June 30, 2023:			
Board-designated endowment funds	\$ 11,341,873	-	11,341,873
Charitable remainder unitrust	14,959	204,289	219,248
Donor-restricted endowment funds	<u>6,484,757</u>	<u>8,329,107</u>	<u>14,813,864</u>
	<u>\$ 17,841,589</u>	<u>8,533,396</u>	<u>26,374,985</u>
June 30, 2022:			
Board-designated endowment funds	\$ 11,036,391	-	11,036,391
Charitable remainder unitrust	28,365	186,113	214,478
Donor-restricted endowment funds	<u>5,707,046</u>	<u>7,856,700</u>	<u>13,563,746</u>
	<u>\$ 16,771,802</u>	<u>8,042,813</u>	<u>24,814,615</u>

**UNITED WAY SUNCOAST, INC. AND AFFILIATE**

**Notes to Combined Financial Statements - Continued**

**(9) Endowment Funds - Continued**

*Spending Policy - Continued*

Changes in endowment net assets for the years ended June 30, 2023 and 2022 were as follows:

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total Endowment Net Assets</u>
Balance at June 30, 2021	\$ 20,260,793	9,592,552	29,853,345
Contributions	7,619	-	7,619
Net investment income	353,080	135,740	488,820
Net depreciation	(3,400,760)	(1,343,426)	(4,744,186)
Withdrawals	(448,930)	(342,053)	(790,983)
Balance at June 30, 2022	16,771,802	8,042,813	24,814,615
Contributions	-	-	-
Net investment income	365,476	155,635	521,111
Net appreciation	1,291,508	705,714	1,997,222
Withdrawals	(587,197)	(370,766)	(957,963)
Balance at June 30, 2023	<u>\$ 17,841,589</u>	<u>8,533,396</u>	<u>26,374,985</u>

**(10) Concentrations**

As stated previously, the Organization maintains its cash and cash equivalent balances with what management believes to be high credit quality financial institutions. The Organization's deposit balances exceeded federal deposit insurance limits by approximately \$570,000 and \$891,000 as of June 30, 2023 and 2022, respectively.

No concentrations existed with respect to contribution revenue for the years ended June 30, 2023 and 2022.

**UNITED WAY SUNCOAST, INC. AND AFFILIATE**

**Notes to Combined Financial Statements - Continued**

**(11) Leases**

The Organization has operating and finance leases of office space and equipment. The leases have remaining lease terms ranging from 3 to 8 years. Leases with initial terms of 12 months or less are not recorded on the combined statement of financial position. Expense under these short-term leases is recognized on a straight-line basis over the lease term. The following summarizes the line items in the accompanying combined statements of financial position as of June 30, 2023:

Operating leases:	
Operating lease right-of-use assets	\$ <u>1,103,970</u>
Operating lease liabilities	\$ <u>1,577,073</u>
Finance leases:	
Property and equipment	\$ 169,101
Accumulated amortization	<u>(89,633)</u>
Property and equipment, net	\$ <u>79,468</u>
Finance lease liabilities	\$ <u>99,908</u>

The weighted average lease term and discount rates as of June 30, 2023 are as follows:

Weighted average remaining lease term:	
Operating leases	8 years
Finance leases	2.4 years
Weighted average discount rate:	
Operating leases	3.61%
Finance leases	15.46%

The components of lease costs under operating and finance leases for the year ended June 30, 2023 include the following:

Operating lease cost	\$ 505,663
Short-term leases	18,207
Variable lease costs	<u>23,040</u>
Total lease costs	\$ <u>546,910</u>
Finance lease costs:	
Amortization of lease assets included in depreciation and amortization expense	\$ 35,853
Interest on lease liabilities included in interest expense	<u>18,317</u>
	\$ <u>54,170</u>

**UNITED WAY SUNCOAST, INC. AND AFFILIATE**

**Notes to Combined Financial Statements - Continued**

**(11) Leases - Continued**

The following summarizes cash flow information related to leases for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$	561,848
Operating cash flows from finance leases		18,317
Financing cash flows from finance leases		35,638
Lease assets obtained in exchange for lease obligations:		
Operating leases		1,625,863

The Organization executed an operating lease for office space which commenced in May 2023. The agreement includes approximately \$760,000 of tenant incentives to be reimbursed by the lessor after the commencement date. The allowance represents an in substance fixed lease payment included in the lease payments when classifying and measuring the lease liability and related ROU asset at commencement. As of June 30, 2023, the Organization received approximately \$444,000 of reimbursements from the lessor for leasehold improvements which are included in property and equipment in the accompanying 2023 combined statement of financial position. Approximately \$316,000 of additional tenant allowances are expected to be received in fiscal 2024.

The maturities of lease liabilities as of June 30, 2023 were as follows:

<u>Year Ending June 30,</u>	<u>Operating</u>	<u>Finance</u>
2024	\$ (166,978) *	49,249
2025	262,193	49,249
2026	270,025	20,521
2027	278,125	-
2028	286,510	-
Thereafter	<u>964,597</u>	<u>-</u>
Total payments	1,894,472	119,019
Less interest	<u>(317,399)</u>	<u>(19,111)</u>
Present value of lease liabilities	\$ <u><u>1,577,073</u></u>	<u><u>99,908</u></u>

\* In 2024, UWS will be required to make lease payments of \$149,215 and receive lease incentives of \$316,193

**UNITED WAY SUNCOAST, INC. AND AFFILIATE**

**Notes to Combined Financial Statements - Continued**

**(11) Leases - Continued**

Rent expense under operating leases in fiscal 2022 was approximately \$650,000. The Organization was also obligated under two capital leases for office equipment that would have expired over the next four years. The gross amount of office equipment held under capital leases and the related accumulated amortization recorded under capital leases as of June 30, 2022 was \$179,267 and \$53,780, respectively. Amortization of assets held under the capital leases was included in depreciation expense. Interest expense recorded under the capital leases for the year ended June 30, 2022 was \$24,978.

Future minimum lease payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year and the present value of minimum capital lease payments as of June 30, 2022 were as follows:

<u>Year Ending June 30,</u>	<u>Capital Leases</u>	<u>Operating Leases</u>	<u>Total</u>
2023	\$ 54,896	591,000	645,896
2024	54,896	20,200	75,096
2025	54,896	-	54,896
2026	22,873	-	22,873
Total minimum lease payments	187,561	<u>611,200</u>	<u>798,761</u>
Less amount representing interest	<u>(42,558)</u>		
Present value of minimum capital lease payments	<u>\$ 145,003</u>		

**(12) Fair Value Measurements**

Financial instruments measured at fair value are classified and disclosed in the following categories:

Level 1: Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments included in Level 1 are exchange traded funds, corporate bonds, U.S. Treasury notes, real estate investment trusts, mutual funds, and money market funds.

Level 2: Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include agency obligations, mortgage-backed securities, alternative investments, and certificates of deposit. The fair value of the Organization's investments held at the Community Foundation of Tampa Bay, Inc. and the Community Foundation of Manatee County (collectively, "Community Foundation") is based on valuation information provided by the Community Foundation which is primarily derived from or corroborated by observable market data as it relates to the Community Foundation's underlying investments.

**UNITED WAY SUNCOAST, INC. AND AFFILIATE**

**Notes to Combined Financial Statements - Continued**

**(12) Fair Value Measurements - Continued**

Level 3: Valuation is based on unobservable inputs. The Organization's beneficial interest in charitable remainder trusts is considered a financial asset subject to the valuation hierarchy and has been classified as Level 3 since observable inputs are minimal. Fair values for annuities payable are determined by calculating the present value of expected cash flows over the expected term of the underlying agreements.

There have been no changes in the valuation methodologies used at June 30, 2023 and 2022 and there have been no transfers between levels during the years then ended. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, a financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Fair value of assets and liabilities measured on a recurring basis at June 30, 2023 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Assets:</b>				
Cash and money market funds	\$ 2,558,008	2,558,008	-	-
Debt securities:				
Corporate bonds	2,762,946	2,762,946	-	-
Municipal bonds	275,139	275,139	-	-
Bond mutual funds	2,662,099	2,662,099	-	-
Mortgage-backed securities	8,610,926	-	8,610,926	-
U.S. government and agency obligations	7,993,421	6,061,994	1,931,427	-
	<u>22,304,531</u>	<u>11,762,178</u>	<u>10,542,353</u>	<u>-</u>
Exchange traded funds:				
Emerging markets equity	428,499	428,499	-	-
International equity	2,666,767	2,666,767	-	-
US large cap core	3,774,358	3,774,358	-	-
US large cap growth	594,249	594,249	-	-
US large cap value	4,857,614	4,857,614	-	-
US mid cap core	1,223,851	1,223,851	-	-
US small cap core	1,523,489	1,523,489	-	-
	<u>15,068,827</u>	<u>15,068,827</u>	<u>-</u>	<u>-</u>
Community Foundation investments	6,298,086	-	6,298,086	-
Receivable under remainder trusts	105,091	-	-	105,091
	<u>\$ 46,334,543</u>	<u>29,389,013</u>	<u>16,840,439</u>	<u>105,091</u>
<b>Liabilities:</b>				
Annuities payable	\$ 183,814	-	-	183,814
Obligation under remainder trust agreement	14,959	-	-	14,959
	<u>\$ 198,773</u>	<u>-</u>	<u>-</u>	<u>198,773</u>

**UNITED WAY SUNCOAST, INC. AND AFFILIATE**

**Notes to Combined Financial Statements - Continued**

**(12) Fair Value Measurements - Continued**

Fair value of assets and liabilities measured on a recurring basis at June 30, 2022 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Cash and money market funds	\$ 1,789,175	1,789,175	-	-
Debt securities:				
Corporate bonds	4,126,917	4,126,917	-	-
Municipal bonds	2,123,013	2,123,013	-	-
Bond mutual funds	3,204,865	3,204,865	-	-
Mortgage-backed securities	11,236,468	-	11,236,468	-
U.S. government and agency obligations	<u>7,701,097</u>	<u>6,238,337</u>	<u>1,462,760</u>	<u>-</u>
	28,392,360	15,693,132	12,699,228	-
Exchange traded funds:				
Emerging markets equity	385,164	385,164	-	-
International equity	2,665,538	2,665,538	-	-
US large cap core	3,252,945	3,252,945	-	-
US large cap growth	448,507	448,507	-	-
US large cap value	4,414,675	4,414,675	-	-
US mid cap core	1,103,531	1,103,531	-	-
US small cap core	<u>1,455,859</u>	<u>1,455,859</u>	<u>-</u>	<u>-</u>
	13,726,219	13,726,219	-	-
Community Foundation investments	5,816,053	-	5,816,053	-
Receivable under remainder trusts	<u>132,295</u>	<u>-</u>	<u>-</u>	<u>132,295</u>
	<u>\$ 49,856,102</u>	<u>31,208,526</u>	<u>18,515,281</u>	<u>132,295</u>
Liabilities:				
Annuities payable	\$ 187,477	-	-	187,477
Obligation under remainder trust agreement	<u>28,365</u>	<u>-</u>	<u>-</u>	<u>28,365</u>
	<u>\$ 215,842</u>	<u>-</u>	<u>-</u>	<u>215,842</u>

The following table sets forth a summary of changes in fair value for the years ended June 30, 2023 and 2022 for which the Organization has used Level 3 inputs to determine fair value:

	<u>Receivable Under Remainder Trusts</u>	<u>Annuities Payable</u>	<u>Obligation Under Remainder Trust</u>
Balance at June 30, 2021	\$ 161,514	182,156	51,473
Total gains (losses) included in changes in net assets	(819)	48,008	(6,048)
Contributions	11,914	-	-
Settlements	<u>(40,314)</u>	<u>(42,687)</u>	<u>(17,060)</u>
Balance at June 30, 2022	132,295	187,477	28,365
Total gains (losses) included in changes in net assets	2,196	39,583	3,654
Settlements	<u>(29,400)</u>	<u>(43,246)</u>	<u>(17,060)</u>
Balance at June 30, 2023	<u>\$ 105,091</u>	<u>183,814</u>	<u>14,959</u>

## UNITED WAY SUNCOAST, INC. AND AFFILIATE

### Notes to Combined Financial Statements - Continued

#### (12) Fair Value Measurements - Continued

##### *Quantitative Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements*

The Organization utilizes discounted cash flow methods to estimate the fair value of the receivable under remainder trusts, annuities payable and the obligation under a remainder trust. Significant unobservable inputs as of June 30, 2023 include using discount rates ranging from 3.97% to 4.87% and life expectancy estimates for income beneficiaries which range from 2 to 5 years. Significant unobservable inputs as of June 30, 2022 include using discount rates ranging from 2.92% to 3.04% and life expectancy estimates for income beneficiaries which range from 3 to 7 years.

#### (13) Liquidity and Availability of Resources

The Organization is supported by both contributions with and without donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Board designates endowment earnings to fund long-term needs of the Organization and the Finance Committee has the authority to defer distributions from the funds based upon the needs of the Organization and changing economic conditions. Additionally, the Board has designated certain net assets without donor restrictions that, while the Organization does not intend to spend for purposes other than those identified in Note 9, the amounts could be made available for current operations, if necessary.



**UNITED WAY SUNCOAST, INC. AND AFFILIATE**

**Notes to Combined Financial Statements - Continued**

**(13) Liquidity and Availability of Resources - Continued**

As of June 30, 2023 and 2022, the Organization's financial assets available to meet general expenditures within one year were as follows:

	<b>2023</b>	<b>2022</b>
Financial assets:		
Cash and cash equivalents	\$ 729,558	1,103,282
Pledges receivable, net	3,538,983	5,513,201
Accrued interest	88,388	123,016
Accounts receivable	1,357,130	1,400,999
Investments	46,229,452	49,723,807
Receivable under remainder trusts and other	105,091	132,295
Total financial assets	52,048,602	57,996,600
Less amounts unavailable for general expenditure within one year due to:		
Contractual or donor-imposed restrictions:		
Unappropriated endowment earnings	(4,810,569)	(4,338,162)
Endowments	(3,518,538)	(3,518,538)
Program initiatives	(1,661,854)	(1,403,993)
Other donor imposed restrictions	(394,431)	(498,543)
Board-designations:		
Operating reserves	(317,046)	(3,022,488)
Disaster relief reserves	(1,219,925)	(1,219,925)
Quasi-endowment	(17,841,589)	(16,771,802)
Future allocations	(85,350)	(85,350)
Transformational community impact	(15,101,905)	(17,933,977)
Financial assets available to meet cash needs for general expenditures within one year	\$ 7,097,395	9,203,822

**(14) Pension Plan**

The Organization has adopted a defined contribution 401(k) plan for the benefit of employees. Effective July 2021, employees who are at least 21 years old and who have completed at least one month of service are eligible. Previously, employees needed at least ninety days of service. Employees may contribute to the plan to the extent allowable by law. The plan requires employer safe harbor matching contributions of 100% of the first 4% of eligible compensation. For the years ended June 30, 2023 and 2022, employer contributions were approximately \$123,000 and \$112,000, respectively.

## UNITED WAY SUNCOAST, INC. AND AFFILIATE

### Notes to Combined Financial Statements - Continued

#### **(15) Employee Retention Tax Credit**

The Organization has claimed refundable credits under the Employee Retention Tax Credit program of approximately \$1,267,000 for the year ended June 30, 2022 as provided under the Federal Coronavirus Aid, Relief and Economic Security (“CARES”) Act and subsequently amended by the Consolidated Appropriations Act, 2021 and the American Rescue Plan Act, 2021. Under the terms of the program, the Organization must incur qualifying wage or health care costs and meet the eligibility requirements of either having suspended operations under a government order or having experienced a decline in gross receipts. The Organization determined that the decline in gross receipts during 2021 meets the eligibility requirements of the program. The Organization has elected to apply the provisions of FASB ASU No. 2018-08, *Clarifying Guidance for Contributions Received and Contributions Made (Topic 958-605)* as the relevant guidance for a not-for-profit entity for this type of conditional federal award. During the fiscal year ended June 30, 2022, the Organization recognized the credits of approximately \$1,267,000 as governmental grants and contracts in the accompanying combined statement of activities. A corresponding accounts receivable of approximately \$1,267,000 is reported in the accompanying combined statement of financial position as of June 30, 2023 and 2022.

#### **(16) Subsequent Events**

The Organization has evaluated subsequent events through October 25, 2023, the date the combined financial statements were available for issuance.