



**UNITED WAY SUNCOAST, INC.**

**Financial Statements**

**June 30, 2024 and 2023**

**(With Independent Auditors' Report Thereon)**

**UNITED WAY SUNCOAST, INC.**

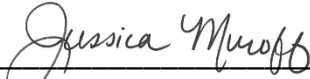
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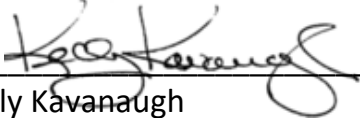
UNITED WAY SUNCOAST, INC.  
Management Certification  
Year Ended June 30, 2024

I hereby certify that:

1. I have read the audited financial statements of United Way Suncoast, Inc. for the year ended June 30, 2024.
2. Based on my knowledge, the financial statements of United Way Suncoast, Inc. for the period ended June 30, 2024 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, 2024.

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

October 23, 2024  
Date

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

October 23, 2024  
Date



## **Independent Auditors' Report**

Board of Directors  
United Way Suncoast, Inc.:

### **Opinion**

We have audited the accompanying financial statements of United Way Suncoast, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, cash flows and functional expenses for the years then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024 and 2023, 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 Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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



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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but 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 financial statements.

In performing an audit in accordance with GAAS, we:

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

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

*CBIZ CPAs P.C.<sup>1</sup>*

October 23, 2024  
St. Petersburg, Florida

**UNITED WAY SUNCOAST, INC.**

**Statements of Financial Position**

**June 30, 2024 and 2023**

<b>Assets</b>	<b>2024</b>	<b>2023</b>
Cash and cash equivalents	\$ 1,548,852	729,558
Pledges receivable, less allowance for uncollectible pledges of approximately \$1,771,000 and \$2,143,000 in 2024 and 2023, respectively	3,333,273	3,538,983
Accrued interest	71,930	88,388
Accounts receivable	1,528,720	1,357,130
Prepaid expenses	413,510	532,390
Community Foundation investments	7,020,665	6,298,086
Investments	35,363,308	39,931,366
Receivable under remainder trusts and other	79,890	105,091
Gifted facility	120,176	13,455
Property and equipment, net	2,252,375	1,701,761
Operating lease right-of-use asset	995,548	1,103,970
Other	106,932	106,932
	<u>52,835,179</u>	<u>55,507,110</u>
<b>Total assets</b>	<b>\$ 52,835,179</b>	<b>55,507,110</b>
<b>Liabilities and Net Assets</b>		
Allocations and designations payable	\$ 7,456,906	6,971,915
Other liabilities	1,107,314	956,648
Annuities payable	134,556	183,814
Obligation under remainder trust agreement	4,265	14,959
Finance lease liability	62,741	99,908
Operating lease liability	1,809,674	1,577,073
	<u>10,575,456</u>	<u>9,804,317</u>
<b>Total liabilities</b>	<b>10,575,456</b>	<b>9,804,317</b>
Net assets:		
Without donor restrictions:		
Operating reserves	1,461,607	317,046
Disaster relief reserves	1,219,925	1,219,925
Net investment in property and equipment	1,080,247	738,131
Board-designated for endowment	19,392,243	17,841,589
Board-designated for future allocations	85,350	85,350
Transformational community impact	9,286,836	15,101,905
	<u>32,526,208</u>	<u>35,303,946</u>
With donor restrictions	<u>9,733,515</u>	<u>10,398,847</u>
<b>Total net assets</b>	<b>42,259,723</b>	<b>45,702,793</b>
<b>Total liabilities and net assets</b>	<b>\$ 52,835,179</b>	<b>55,507,110</b>

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

# UNITED WAY SUNCOAST, INC.

## Statement of Activities

**For the Year Ended June 30, 2024  
(With Comparative Totals for 2023)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			<u>2024</u>	<u>2023</u>
Gross campaign contributions	\$ 10,581,475	1,025,239	11,606,714	13,148,940
Donor designations	(1,566,965)	-	(1,566,965)	(1,576,324)
Undesignated campaign contributions	9,014,510	1,025,239	10,039,749	11,572,616
Contributions recognized in a prior period	-	-	-	(95,083)
Undesignated campaign contributions	<u>\$ 9,014,510</u>	<u>1,025,239</u>	<u>10,039,749</u>	<u>11,477,533</u>
Public support and revenue:				
Public support:				
Undesignated campaign contributions	\$ 9,014,510	1,025,239	10,039,749	11,477,533
Provision for uncollectible pledges	(758,534)	-	(758,534)	(677,219)
Annual campaign, net of uncollectible pledges	8,255,976	1,025,239	9,281,215	10,800,314
Non-campaign contributions	80,289	775,511	855,800	-
Disaster response	-	-	-	896,587
Bequests and trusts	<u>376,642</u>	<u>5,000</u>	<u>381,642</u>	<u>-</u>
Total public support	8,712,907	1,805,750	10,518,657	11,696,901
Revenue:				
Grants and contracts	1,551,531	-	1,551,531	1,464,371
Service fee income	138,370	-	138,370	146,796
Investment return	3,302,446	917,717	4,220,163	3,163,155
Miscellaneous income	<u>215,234</u>	<u>-</u>	<u>215,234</u>	<u>177,961</u>
Total revenue	5,207,581	917,717	6,125,298	4,952,283
Net assets released from restrictions	<u>3,407,690</u>	<u>(3,407,690)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	17,328,178	(684,223)	16,643,955	16,649,184
Expenses:				
Program services:				
Gross funds awarded/distributed	11,620,525	-	11,620,525	12,190,040
Less donor designations	<u>(1,566,965)</u>	<u>-</u>	<u>(1,566,965)</u>	<u>(1,576,324)</u>
Net funds awarded/distributed to agencies	10,053,560	-	10,053,560	10,613,716
Other program services	<u>5,306,717</u>	<u>-</u>	<u>5,306,717</u>	<u>5,045,898</u>
Total program services	15,360,277	-	15,360,277	15,659,614
Supporting services:				
Fundraising	2,404,669	-	2,404,669	2,329,354
Administration	<u>2,325,953</u>	<u>-</u>	<u>2,325,953</u>	<u>2,514,310</u>
Total supporting services	4,730,622	-	4,730,622	4,843,664
Total expenses	<u>20,090,899</u>	<u>-</u>	<u>20,090,899</u>	<u>20,503,278</u>
Change in net assets before other changes	(2,762,721)	(684,223)	(3,446,944)	(3,854,094)
Other changes:				
Change in value of split-interest agreements	(15,017)	18,891	3,874	(41,041)
Loss on disposal of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,905)</u>
Change in net assets	(2,777,738)	(665,332)	(3,443,070)	(3,914,040)
Net assets, beginning of year	<u>35,303,946</u>	<u>10,398,847</u>	<u>45,702,793</u>	<u>49,616,833</u>
Net assets, end of year	<u>\$ 32,526,208</u>	<u>9,733,515</u>	<u>42,259,723</u>	<u>45,702,793</u>

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

# UNITED WAY SUNCOAST, INC.

## Statement of Activities

**For the Year Ended June 30, 2023**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Gross campaign contributions	\$ 11,127,620	2,021,320	13,148,940
Donor designations	(1,576,324)	-	(1,576,324)
Undesignated campaign contributions	9,551,296	2,021,320	11,572,616
Contributions recognized in a prior period	(95,083)	-	(95,083)
Undesignated campaign contributions	\$ 9,456,213	2,021,320	11,477,533
Public support and revenue:			
Public support:			
Undesignated campaign contributions	\$ 9,456,213	2,021,320	11,477,533
Provision for uncollectible pledges	(677,219)	-	(677,219)
Annual campaign, net of uncollectible pledges	8,778,994	2,021,320	10,800,314
Disaster response	896,587	-	896,587
Total public support	9,675,581	2,021,320	11,696,901
Revenue:			
Grants and contracts	1,464,167	204	1,464,371
Service fee income	146,796	-	146,796
Investment return	2,319,981	843,174	3,163,155
Miscellaneous income	177,961	-	177,961
Total revenue	4,108,905	843,378	4,952,283
Net assets released from restrictions	2,274,894	(2,274,894)	-
Total public support and revenue	16,059,380	589,804	16,649,184
Expenses:			
Program services:			
Gross funds awarded/distributed	12,190,040	-	12,190,040
Less donor designations	(1,576,324)	-	(1,576,324)
Net funds awarded/distributed to agencies	10,613,716	-	10,613,716
Other program services	5,045,898	-	5,045,898
Total program services	15,659,614	-	15,659,614
Supporting services:			
Fundraising	2,329,354	-	2,329,354
Administration	2,514,310	-	2,514,310
Total supporting services	4,843,664	-	4,843,664
Total expenses	20,503,278	-	20,503,278
Change in net assets before other changes	(4,443,898)	589,804	(3,854,094)
Other changes:			
Change in value of split-interest agreements	(61,413)	20,372	(41,041)
Loss on disposal of capital assets	(18,905)	-	(18,905)
Change in net assets	(4,524,216)	610,176	(3,914,040)
Net assets, beginning of year	39,828,162	9,788,671	49,616,833
Net assets, end of year	\$ 35,303,946	10,398,847	45,702,793

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



# UNITED WAY SUNCOAST, INC.

## Statements of Cash Flows

**For the Years Ended June 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
Cash flows from operating activities:		
Change in net assets	\$ (3,443,070)	(3,914,040)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization expense	275,961	138,410
Noncash lease expense	108,422	499,309
Provision for uncollectible pledges	758,534	677,219
Realized and unrealized gains on investments	(3,108,742)	(2,108,461)
Loss on disposal of capital assets	-	18,905
Net gain on lease modifications and early termination of leases	-	(17,622)
Change in value of split-interest agreements	(3,874)	41,041
Change in operating assets and liabilities:		
(Increase) decrease in assets:		
Gifted facility	(106,721)	15,980
Pledges receivable	(552,824)	1,296,999
Other receivables	(132,432)	107,897
Prepaid expenses and other assets	118,880	(379,958)
Increase (decrease) in liabilities:		
Allocations and designations payable	484,991	(927,647)
Other liabilities	150,666	(755,426)
Operating lease liabilities	(83,592)	(551,348)
Net cash used in operating activities	(5,533,801)	(5,858,742)
Cash flows from investing activities:		
Property and equipment purchases	(510,382)	(21,854)
Purchases of investment securities	(13,219,619)	(9,440,666)
Proceeds from sale of investment securities	20,173,840	15,043,482
Net cash provided by investing activities	6,443,839	5,580,962
Cash flows from financing activities:		
Principal payments on finance lease obligations	(37,167)	(35,638)
Principal payments on gift annuity obligations	(38,305)	(43,246)
Principal payments on obligation under remainder trust	(15,272)	(17,060)
Net cash used in financing activities	(90,744)	(95,944)
Net change in cash and cash equivalents	819,294	(373,724)
Cash and cash equivalents, beginning of year	729,558	1,103,282
Cash and cash equivalents, end of year	\$ 1,548,852	729,558
Supplemental cash flow information:		
Cash paid for interest	\$ 12,082	18,560
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	\$ -	586,243
Recognition of new operating lease right-of-use assets and related operating lease liabilities	\$ -	1,128,832
Leasehold improvements acquired under operating lease incentives	\$ 316,193	444,095

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

**UNITED WAY SUNCOAST, INC.**

**Statement of Functional Expenses**

**For the Year Ended June 30, 2024  
(With Comparative Totals for 2023)**

	Program Services					Supporting Services			Total	
	Education	Financial Stability	Place-Based Initiatives	Community Support Services	Total Programs	Fundraising	Administrative	Total Supporting Services	2024	2023
Allocations/awards	\$ 5,778,435	3,399,130	477,935	398,060	10,053,560	1,566,965	-	1,566,965	11,620,525	12,190,040
Less donor designations	-	-	-	-	-	(1,566,965)	-	(1,566,965)	(1,566,965)	(1,576,324)
	5,778,435	3,399,130	477,935	398,060	10,053,560	-	-	-	10,053,560	10,613,716
Salaries & wages	691,596	730,379	326,624	852,282	2,600,881	1,300,236	1,014,903	2,315,139	4,916,020	4,555,521
Payroll taxes & payroll fees	57,306	41,754	27,340	67,453	193,853	100,769	87,055	187,824	381,677	350,573
401k & deferred compensation	21,173	18,373	8,346	25,509	73,401	32,324	40,381	72,705	146,106	123,218
Other employee benefits	105,798	74,447	59,047	107,340	346,632	193,753	151,520	345,273	691,905	632,069
	875,873	864,953	421,357	1,052,584	3,214,767	1,627,082	1,293,859	2,920,941	6,135,708	5,661,381
Legal fees	5,040	2,826	2,615	4,457	14,938	7,554	11,717	19,271	34,209	35,364
Accounting and audit fees	14,506	8,217	6,517	12,536	41,776	21,686	16,318	38,004	79,780	102,908
Professional and consulting fees	-	86,221	341	120,683	207,245	215,953	135,294	351,247	558,492	703,156
Advertising and promotion	539	17,944	1,117	479	20,079	2,577	144,334	146,911	166,990	129,161
Office expense	5,837	2,743	3,014	5,804	17,398	7,589	31,927	39,516	56,914	82,561
Information technology	138,267	156,201	84,909	218,471	597,848	204,302	360,695	564,997	1,162,845	1,103,656
Occupancy	42,074	23,733	97,734	37,021	200,562	63,034	70,090	133,124	333,686	663,998
Travel	23,831	16,664	5,951	15,054	61,500	32,291	10,418	42,709	104,209	93,125
Conferences, conventions and meetings	5,285	9,502	4,804	8,963	28,554	26,552	27,948	54,500	83,054	45,196
Interest	2,180	1,231	972	1,920	6,303	3,266	2,513	5,779	12,082	18,560
UWW and UWFL dues	33,720	18,916	15,068	29,561	97,265	50,496	38,642	89,138	186,403	276,966
Insurance	13,366	7,535	5,965	13,118	39,984	20,023	15,526	35,549	75,533	87,262
Printing	1,902	5,172	1,477	3,300	11,851	6,360	7,087	13,447	25,298	38,797
Program and campaign supplies	375,947	13,591	31,513	106,780	527,831	5,591	172	5,763	533,594	478,638
Memberships, sponsorships and registrations	18,123	7,765	5,200	16,699	47,787	24,760	73,908	98,668	146,455	176,074
Depreciation and amortization	46,005	25,834	29,610	40,464	141,913	68,920	65,128	134,048	275,961	138,410
Other expenses	9,059	7,637	4,243	8,177	29,116	16,633	20,377	37,010	66,126	54,349
	735,681	411,732	301,050	643,487	2,091,950	777,587	1,032,094	1,809,681	3,901,631	4,228,181
Total expenses	\$ 7,389,989	4,675,815	1,200,342	2,094,131	15,360,277	2,404,669	2,325,953	4,730,622	20,090,899	20,503,278

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

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

**Statement of Functional Expenses**

**For the Year Ended June 30, 2023**

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

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

# UNITED WAY SUNCOAST, INC.

## Notes to Financial Statements

June 30, 2024 and 2023

### (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.

### Notes to 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.

### Notes to Financial Statements - Continued

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

##### (b) Accounting Method

The 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 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 10.

## UNITED WAY SUNCOAST, INC.

### Notes to Financial Statements - Continued

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

##### (c) 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.

##### (d) Cash and Cash Equivalents

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

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

Contributions received, including unconditional promises to give, are recorded as with or without donor restrictions in the 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 statement of financial position. The Organization received cost-reimbursable grants of approximately \$37,000 that have not been recognized at June 30, 2024 because qualifying expenditures have not yet been incurred, with advance payments of approximately \$530,000 recognized as a component of other liabilities in the 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.

# UNITED WAY SUNCOAST, INC.

## Notes to Financial Statements - Continued

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

#### (f) Investments

Investments in equity securities with readily determinable fair value and all investments in debt securities are reported at fair value in the statement of financial position. Investment income (including realized and unrealized gains and losses on investments, interest and dividends) is reflected in the 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.

#### (g) Designations

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

#### (h) Functional Expense Allocations

The costs of providing the Organization's various programs have been summarized on a functional basis in the 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.

#### (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 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 financial statements were available for issuance.

#### (j) 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, three to ten years for furniture and equipment, and two to three years for software. 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 statements of activities.



## UNITED WAY SUNCOAST, INC.

### Notes to Financial Statements - Continued

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

##### (k) **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 statements of financial position. Finance leases are included in property and equipment and financing lease liabilities on the accompanying 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.

##### (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. for the year ended June 30, 2021 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.**

**Notes to Financial Statements - Continued**

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

**(n) Use of Estimates**

The preparation of 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 financial statements. Estimates also affect the reported amounts of changes in net assets during the reporting period. Actual results could differ from those estimates.

**(o) 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).

**(2) Investments**

Investments, stated at fair value, consist of the following at June 30, 2024 and 2023:

	<u>2024</u>		<u>2023</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash, money market funds, and certificates of deposit	\$ 6,794,936	6,794,936	2,558,008	2,558,008
U.S. government and agency obligations	3,790,869	3,746,469	8,278,380	7,993,421
Mortgaged-backed securities	6,310,110	6,127,137	9,002,126	8,610,926
Municipal bonds	190,560	190,856	277,709	275,139
Corporate bonds	2,142,870	2,073,578	2,943,615	2,762,946
Bond mutual funds	2,882,696	2,541,722	3,029,684	2,662,099
Exchange traded funds	8,868,237	13,888,610	11,096,212	15,068,827
	<u>\$ 30,980,278</u>	<u>35,363,308</u>	<u>37,185,734</u>	<u>39,931,366</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.

**UNITED WAY SUNCOAST, INC.**

**Notes to Financial Statements - Continued**

**(2) Investments - Continued**

Investment return consists of the following for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 1,234,659	1,179,757
Realized and unrealized gains	<u>3,108,742</u>	<u>2,108,461</u>
	4,343,401	3,288,218
Less investment expenses	<u>(123,238)</u>	<u>(125,063)</u>
	<u>\$ 4,220,163</u>	<u>3,163,155</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 2024 or 2023. At June 30, 2024, the balance of investments held by the Community Foundation of Tampa Bay, Inc. was \$1,939,233 and the net investment income for the year then ended was \$177,455. At June 30, 2023, the balance of investments held by the Community Foundation of Tampa Bay, Inc. was \$1,761,778, and net investment income for the year then ended was \$153,904.

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, 2024, the balance of investments held by the Community Foundation of Manatee County was \$5,081,432 and net investment income for the year then ended was \$545,124. At June 30, 2023, the balance of investments held by the Community Foundation of Manatee County was \$4,536,308 and the net investment income for the year end was \$328,129.

## UNITED WAY SUNCOAST, INC.

### Notes to Financial Statements - Continued

#### (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 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 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 statement of financial position.

#### (5) Gifted Facility

The Organization leases land from the School Board of Hillsborough County at a rental rate of \$1 per year. In May 2024, the lease was extended to May 2029. 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, 2024 and 2023 is summarized below:

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		13,455
Recognition of fair value of gifted land lease		58
Recognition of additional contribution for for extended lease term		120,176
Recognition of rent expense for the year ended June 30, 2024		<u>(13,513)</u>
Fair value of gifted facility at June 30, 2024	\$	<u><u>120,176</u></u>

**UNITED WAY SUNCOAST, INC.**

**Notes to Financial Statements - Continued**

**(6) Property and Equipment**

Property and equipment at June 30, 2024 and 2023 consists of the following:

	<b>2024</b>	<b>2023</b>
Land	\$ 276,459	276,459
Buildings and improvements	1,300,878	1,300,878
Leasehold improvements	1,381,338	522,490
Furniture, fixtures and equipment	877,031	555,916
Software	87,718	-
Construction-in-progress	-	444,095
	3,923,424	3,099,838
Less accumulated depreciation and amortization	(1,671,049)	(1,398,077)
	<b>\$ 2,252,375</b>	<b>1,701,761</b>

For the year ended June 30, 2024, depreciation and amortization expense was \$123,207 and \$152,754, respectively. For the year ended June 30, 2023, depreciation and amortization expense was \$51,363 and \$87,047, respectively.

In 2006, the Organization 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 \$20,101 and \$46,045 for the years ended June 30, 2024 and 2023, respectively.

**UNITED WAY SUNCOAST, INC.**

**Notes to Financial Statements - Continued**

**(7) Pledges receivable**

Pledges receivable, net of allowance for uncollectible pledges consist of the following unconditional promises to give at June 30, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
Amounts due in:		
Less than one year	\$ 4,560,834	5,682,391
One to five years	600,240	-
	5,161,074	5,682,391
Less:		
Unamortized discount on pledges	(56,933)	-
Allowance for uncollectible pledges	(1,770,868)	(2,143,408)
	\$ 3,333,273	3,538,983

The discount rate used in computing the present value of pledges receivable due in more than one year ranges from 4.33% to 5.09% for the year ended June 30, 2024. Bad debt expense related to provisions for uncollectible pledges receivable totaled \$758,534 and \$677,219 for the years ended June 30, 2024 and 2023, respectively.

**(8) 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 payables 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 4.33% to 4.52% as of June 30, 2024 and from 3.97% to 4.87% as of June 30, 2023.

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.

**UNITED WAY SUNCOAST, INC.**

**Notes to Financial Statements - Continued**

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

Net assets with donor restrictions at June 30, 2024 and 2023 consist of the following:

	<b>2024</b>	<b>2023</b>
Net assets subject to donor use restrictions:		
Pledges restricted for future periods	\$ 660,286	-
Remainder trusts and other	164,941	190,142
Gifted facility:		
Sulphur Springs Resource Center	120,176	13,455
Program initiatives	453,090	1,661,854
	1,398,493	1,865,451
Net assets subject to time restrictions:		
Unappropriated endowment earnings	4,590,803	4,810,569
	4,590,803	4,810,569
Net assets to be held in perpetuity:		
Donor endowments	3,518,538	3,518,538
Charitable remainder unitrust	225,681	204,289
	\$ 9,733,515	10,398,847

At June 30, 2024 and 2023, 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.

**(10) 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.

**UNITED WAY SUNCOAST, INC.**

**Notes to Financial Statements - Continued**

**(10) Endowment Funds - Continued**

*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:

	<b>Cash and Equivalents</b>	<b>Fixed Income</b>	<b>Equities</b>
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%

*Spending Policy*

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

<b>Investment Class</b>	<b>Spending Policy</b>
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



**UNITED WAY SUNCOAST, INC.**

**Notes to Financial Statements - Continued**

**(10) Endowment Funds - Continued**

*Spending Policy - Continued*

Endowment net asset composition by type of fund as of June 30, 2024 and 2023 follows:

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total Endowment Net Assets</u>
June 30, 2024:			
Board-designated endowment funds	\$ 12,964,138	-	12,964,138
Charitable remainder unitrust	2,533	225,681	228,214
Donor-restricted endowment funds	<u>6,425,572</u>	<u>8,109,341</u>	<u>14,534,913</u>
	<u>\$ 19,392,243</u>	<u>8,335,022</u>	<u>27,727,265</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>

Changes in endowment net assets for the years ended June 30, 2024 and 2023 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, 2022	\$ 16,771,802	8,042,813	24,814,615
Net investment income	365,476	155,635	521,111
Net appreciation	1,291,508	705,714	1,997,222
Withdrawals	<u>(587,197)</u>	<u>(370,766)</u>	<u>(957,963)</u>
Balance at June 30, 2023	17,841,589	8,533,396	26,374,985
Net investment income	418,230	159,387	577,617
Net appreciation	1,689,400	779,723	2,469,123
Withdrawals	<u>(556,976)</u>	<u>(1,137,484)</u>	<u>(1,694,460)</u>
Balance at June 30, 2024	<u>\$ 19,392,243</u>	<u>8,335,022</u>	<u>27,727,265</u>

**UNITED WAY SUNCOAST, INC.**

**Notes to 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 2 to 7 years. Leases with initial terms of 12 months or less are not recorded on the 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 statements of financial position as of June 30, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
Operating leases:		
Operating lease right-of-use asset	\$ <u>995,548</u>	<u>1,103,970</u>
Operating lease liability	\$ <u>1,809,674</u>	<u>1,577,073</u>
Finance leases:		
Property and equipment	\$ 169,101	169,101
Accumulated amortization	<u>(122,516)</u>	<u>(89,633)</u>
Property and equipment, net	\$ <u>46,585</u>	<u>79,468</u>
Finance lease liability	\$ <u>62,741</u>	<u>99,908</u>

The weighted average lease term and discount rates as of June 30, 2024 and 2023 are as follows:

	<b>2024</b>	<b>2023</b>
Weighted average remaining lease term:		
Operating leases	7 years	8 years
Finance leases	1.4 years	2.4 years
Weighted average discount rate:		
Operating leases	3.61%	3.61%
Finance leases	15.46%	15.46%

**UNITED WAY SUNCOAST, INC.**

**Notes to Financial Statements - Continued**

**(11) Leases - Continued**

The components of lease costs under operating and finance leases for the years ended June 30, 2024 and 2023 include the following:

	<b>2024</b>	<b>2023</b>
Operating lease cost	\$ 174,045	505,663
Short-term leases	10,923	18,207
Variable lease costs	16,874	23,040
Total lease costs	\$ 201,842	546,910
Finance lease costs:		
Amortization of lease assets included in depreciation and amortization expense	\$ 32,883	35,853
Interest on lease liabilities included in interest expense	12,084	18,317
	\$ 44,967	54,170

The following summarizes cash flow information related to leases for the years ended June 30, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 149,215	561,848
Operating cash flows from finance leases	12,084	18,317
Financing cash flows from finance leases	37,165	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 statement of financial position. As of June 30, 2024, the Organization received the remaining reimbursements of approximately \$316,000 from the lessor for a total of approximately \$760,000 of leasehold improvements which are included in property and equipment in the accompanying 2024 statement of financial position.

**UNITED WAY SUNCOAST, INC.**

**Notes to Financial Statements - Continued**

**(11) Leases - Continued**

The maturities of lease liabilities as of June 30, 2024 were as follows:

<b>Year Ending June 30,</b>	<b>Operating</b>	<b>Finance</b>
2025	\$ 262,193	49,249
2026	270,025	20,521
2027	278,125	-
2028	286,510	-
2029	295,099	-
Thereafter	669,496	-
Total payments	2,061,448	69,770
Less interest	(251,774)	(7,029)
Present value of lease liabilities	\$ 1,809,674	62,741

**(12) 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 \$1,361,000 and \$570,000 as of June 30, 2024 and 2023, respectively.

No concentrations existed with respect to contribution revenue for the years ended June 30, 2024 and 2023.

**(13) 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.**

**Notes to Financial Statements - Continued**

**(13) 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, 2024 and 2023 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, 2024 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	\$ 6,794,936	6,794,936	-	-
Debt securities:				
Corporate bonds	2,073,578	2,073,578	-	-
Municipal bonds	190,856	190,856	-	-
Bond mutual funds	2,541,722	2,541,722	-	-
Mortgage-backed securities	6,127,137	-	6,127,137	-
U.S. government and agency obligations	3,746,469	3,140,187	606,282	-
	<u>14,679,762</u>	<u>7,946,343</u>	<u>6,733,419</u>	-
Exchange traded funds:				
Emerging markets equity	453,948	453,948	-	-
International equity	2,446,091	2,446,091	-	-
US large cap core	3,342,414	3,342,414	-	-
US large cap growth	588,168	588,168	-	-
US large cap value	4,469,437	4,469,437	-	-
US mid cap core	1,115,372	1,115,372	-	-
US small cap core	1,473,180	1,473,180	-	-
	<u>13,888,610</u>	<u>13,888,610</u>	-	-
Community Foundation investments	7,020,665	-	7,020,665	-
Receivable under remainder trusts	79,890	-	-	79,890
	<u>\$ 42,463,863</u>	<u>28,629,889</u>	<u>13,754,084</u>	<u>79,890</u>
<b>Liabilities:</b>				
Annuities payable	\$ 134,556	-	-	134,556
Obligation under remainder trust agreement	4,265	-	-	4,265
	<u>\$ 138,821</u>	<u>-</u>	<u>-</u>	<u>138,821</u>

**UNITED WAY SUNCOAST, INC.**

**Notes to Financial Statements - Continued**

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

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>
Assets:				
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>
Liabilities:				
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>

The following table sets forth a summary of changes in fair value for the years ended June 30, 2024 and 2023 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, 2022	\$ 132,295	187,477	28,365
Total gains 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	105,091	183,814	14,959
Total gains (losses) included in changes in net assets	(2,501)	(10,953)	4,578
Contributions	5,000	-	-
Settlements	<u>(27,700)</u>	<u>(38,305)</u>	<u>(15,272)</u>
Balance at June 30, 2024	<u>\$ 79,890</u>	<u>134,556</u>	<u>4,265</u>

## UNITED WAY SUNCOAST, INC.

### Notes to Financial Statements - Continued

#### (13) 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, 2024 include using discount rates ranging from 4.33% to 4.52% and life expectancy estimates for income beneficiaries which range from 3 to 5 years. 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.

#### (14) Retirement Plans

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, 2024 and 2023, employer contributions were approximately \$129,000 and \$123,000, respectively.

Effective January 1, 2024, the Organization established a 457(f) plan or a supplemental executive retirement plan ("SERP") to retain and reward a select group of management or highly compensated employees of the Organization outside of the plan described above. Benefits under the SERP accumulate from annual contributions and earnings thereon. The contribution rate is a discretionary amount determined by the plan administrator based on the results of the fiscal year that ends during the plan year. The plan administrator, at its sole discretion, shall determine the employees of the Organization eligible to participate in the plan. Participants of the plan will become vested in the amounts contributed to the plan the 5<sup>th</sup> year following the plan year the contribution was credited, provided the participant remains employed with the Organization. For the year ended June 30, 2024, the Organization incurred expenses under the SERP of approximately \$17,000. At June 30, 2024, the Organization has approximately \$17,000 of deferred compensation payable included in other liabilities in the accompanying statement of financial position.

#### (15) 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 10, the amounts could be made available for current operations, if necessary.

**UNITED WAY SUNCOAST, INC.**

**Notes to Financial Statements - Continued**

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

As of June 30, 2024 and 2023, the Organization's financial assets available to meet general expenditures within one year were as follows:

	<b>2024</b>	<b>2023</b>
Financial assets:		
Cash and cash equivalents	\$ 1,548,852	729,558
Pledges receivable, net	3,333,273	3,538,983
Accrued interest	71,930	88,388
Accounts receivable	1,528,720	1,357,130
Investments	42,383,973	46,229,452
Receivable under remainder trusts and other	79,890	105,091
Total financial assets	48,946,638	52,048,602
Less amounts unavailable for general expenditure within one year due to:		
Contractual or donor-imposed restrictions:		
Unappropriated endowment earnings	(4,590,803)	(4,810,569)
Endowments	(3,518,538)	(3,518,538)
Program initiatives	(453,090)	(1,661,854)
Other donor imposed restrictions	(1,050,908)	(394,431)
Board-designations:		
Operating reserves	(1,461,607)	(317,046)
Disaster relief reserves	(1,219,925)	(1,219,925)
Quasi-endowment	(19,392,243)	(17,841,589)
Future allocations	(85,350)	(85,350)
Transformational community impact	(9,286,836)	(15,101,905)
Financial assets available to meet cash needs for general expenditures within one year	\$ 7,887,338	7,097,395



## UNITED WAY SUNCOAST, INC.

### Notes to Financial Statements - Continued

#### **(16) 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. A corresponding accounts receivable of approximately \$1,267,000 is reported in the accompanying statements of financial position as of June 30, 2024 and 2023.

#### **(17) Subsequent Events**

The Organization has evaluated subsequent events through October 23, 2024, the date the financial statements were available for issuance.