

***United Way of San Luis Obispo County***

***Financial Statements***

***June 30, 2024 and 2023***



## ***C O N T E N T S***

### ***Page(s)***

#### ***Independent Auditors' Report on the Financial Statements***

1 – 2

#### ***Financial Statements***

Statements of financial position

3

Statements of activities

4 – 5

Statements of functional expenses

6 – 7

Statements of changes in net assets

8

Statements of cash flows

9

Notes to financial statements

10 – 18



**Independent Auditors' Report on the Financial Statements**

To the Board of Directors  
United Way of San Luis Obispo County  
San Luis Obispo, California

***Opinion***

We have audited the accompanying financial statements of the United Way of San Luis Obispo County ("the Organization"), a California non-profit organization, which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.



**Independent Auditors' Report on the Financial Statements – Continued**

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

*Caliber Audit & Attest, LLP*

San Luis Obispo, California

February 25, 2025

*United Way of San Luis Obispo County*

*Statements of Financial Position  
June 30, 2024 and 2023*

| <i><b>ASSETS</b></i>   | <i><b>2024</b></i>  | <i><b>2023</b></i>  |
|--|---------------------|---------------------|
| Cash and cash equivalents  | \$ 220,724          | \$ 374,084          |
| Investments in marketable securities   | 70,807              | 57,982              |
| Investment held at Community Foundation  | 104,994             | 90,520              |
| Promises-to-give receivables, net of allowance<br>for doubtful promises of \$34,000 and \$41,720 | 945,728             | 887,940             |
| Accounts receivable  | -                   | 10,200              |
| Prepaid expenses   | 2,737               | 4,898               |
| Property and equipment, net of accumulated depreciation  | -                   | 13,246              |
| Total assets   | <u>\$ 1,344,990</u> | <u>\$ 1,438,870</u> |
| <i><b>LIABILITIES AND NET ASSETS</b></i>   |                     |                     |
| Accounts payable   | \$ 30,358           | \$ 12,536           |
| Grants payable   | 889,000             | 836,437             |
| Accrued compensation   | 26,047              | 16,267              |
| Funds held for others  | 80,572              | 86,585              |
| Total liabilities  | <u>1,025,977</u>    | <u>951,825</u>      |
| <i><b>Commitments and Contingencies</b></i>  |                     |                     |
| <i><b>Net Assets</b></i>   |                     |                     |
| Without donor restrictions   |                     |                     |
| Undesignated   | 214,019             | 383,279             |
| Invested at Community Foundation   | 104,994             | 90,520              |
| Invested in property and equipment   | -                   | 13,246              |
| Total net assets   | <u>319,013</u>      | <u>487,045</u>      |
| Total liabilities and net assets   | <u>\$ 1,344,990</u> | <u>\$ 1,438,870</u> |

*See Notes to Financial Statements.*

*United Way of San Luis Obispo County*

*Statement of Activities  
Year Ended June 30, 2024*

|  | <i><u>Without Donor<br/>Restrictions</u></i> | <i><u>With Donor<br/>Restrictions</u></i> | <i><u>Total</u></i> |
|--|--|---|---------------------|
| <b><i>Public Support and Revenue:</i></b>              |  |   |                     |
| <i>Public support:</i>                                 |  |   |                     |
| Campaign contributions                                 | \$ 324,282                                   | \$ 881,563                                | \$ 1,205,845        |
| Grant and other contributions                          | 306,480                                      | -   | 306,480             |
| In-kind services                                       | 1,027  | -   | 1,027               |
| Fundraising events, net of<br>direct costs of \$51,402 | (3,010)                                      | -   | (3,010)             |
| Total support  | <u>628,779</u>                               | <u>881,563</u>                            | <u>1,510,342</u>    |
| <i>Revenue:</i>  |  |   |                     |
| Interest income  | 2,955  | -   | 2,955               |
| Gain on investments                                    | 15,209                                       | -   | 15,209              |
| Loss on disposal of fixed assets                       | (3,209)                                      | -   | (3,209)             |
| Total revenue  | <u>14,955</u>                                | <u>-</u>                                  | <u>14,955</u>       |
| Net assets released from restrictions                  | 881,563                                      | (881,563)                                 | -                   |
| Total public support and revenues                      | <u>1,525,297</u>                             | <u>-</u>                                  | <u>1,525,297</u>    |
| <b><i>Grants and Functional Expenses:</i></b>          |  |   |                     |
| Grants disbursements                                   | 881,563                                      | -   | 881,563             |
| Program services                                       | 421,361                                      | -   | 421,361             |
| Management and general                                 | 249,908                                      | -   | 249,908             |
| Fundraising  | 140,497                                      | -   | 140,497             |
| Total functional expenses                              | <u>1,693,329</u>                             | <u>-</u>                                  | <u>1,693,329</u>    |
| Change in net assets                                   | <u>\$ (168,032)</u>                          | <u>\$ -</u>                               | <u>\$ (168,032)</u> |

*See Notes to Financial Statements.*

**United Way of San Luis Obispo County**

**Statement of Activities  
Year Ended June 30, 2023**

|   | <b><u>Without Donor<br/>Restrictions</u></b> | <b><u>With Donor<br/>Restrictions</u></b> | <b><u>Total</u></b> |
|---|--|---|---------------------|
| <b>Public Support and Revenue:</b>                    |  |   |                     |
| Public support:                                       |  |   |                     |
| Contributions   | \$ 453,237                                   | \$ 837,760                                | \$ 1,290,997        |
| In-kind services                                      | 20,300                                       | -   | 20,300              |
| Fundraising events, net of<br>direct costs of \$6,904 | 4,081  | -   | 4,081               |
| Total support   | <u>477,618</u>                               | <u>837,760</u>                            | <u>1,315,378</u>    |
| Revenue:  |  |   |                     |
| Interest income                                       | 2,261  | -   | 2,261               |
| Gain on investments                                   | 6,899  | -   | 6,899               |
| Total revenue   | <u>9,160</u>                                 | <u>-</u>                                  | <u>9,160</u>        |
| Net assets released from restrictions                 | 837,760                                      | (837,760)                                 | -                   |
| Total public support and revenues                     | <u>1,324,538</u>                             | <u>-</u>                                  | <u>1,324,538</u>    |
| <b>Grants and Functional Expenses:</b>                |  |   |                     |
| Grants and philanthropic distributions                | 837,760                                      | -   | 837,760             |
| Program services                                      | 270,650                                      | -   | 270,650             |
| Management and general                                | 222,030                                      | -   | 222,030             |
| Fundraising   | 139,007                                      | -   | 139,007             |
| Total functional expenses                             | <u>1,469,447</u>                             | <u>-</u>                                  | <u>1,469,447</u>    |
| Change in net assets                                  | <u>\$ (144,909)</u>                          | <u>\$ -</u>                               | <u>\$ (144,909)</u> |

See Notes to Financial Statements.

**United Way of San Luis Obispo County**

**Statement of Functional Expenses**

**Year Ended June 30, 2024**

|                           | <b>Program Services</b> |                   | <b>Management<br/>&amp; General</b> | <b>Fundraising<br/>&amp; Development</b> | <b>Total</b>        |
|---------------------------|-------------------------|-------------------|-------------------------------------|--|---------------------|
|                           | <b>Grants</b>           | <b>Other</b>      |                                     |  |                     |
| Grant disbursements       | \$ 881,563              | \$ -              | \$ -                                | \$ -                                     | \$ 881,563          |
| 211 SLO program           | -                       | 82,845            | -                                   | -  | 82,845              |
| Bank charges              | -                       | -                 | 2,446                               | -  | 2,446               |
| Contract services         | -                       | 18,212            | 44,149                              | -  | 62,361              |
| Depreciation              | -                       | 1,183             | 227                                 | 127                                      | 1,537               |
| Dues and subscriptions    | -                       | -                 | -                                   | 943                                      | 943                 |
| Employee benefits         | -                       | 9,393             | 1,475                               | -  | 10,868              |
| Field expenses            | -                       | -                 | 794                                 | 1,276                                    | 2,070               |
| Insurance                 | -                       | 2,750             | 529                                 | 295                                      | 3,574               |
| Interim ancillary costs   | -                       | 17,108            | 3,289                               | 1,837                                    | 22,234              |
| Miscellaneous             | -                       | -                 | 4,357                               | -  | 4,357               |
| Office supplies           | -                       | 6,082             | 1,494                               | 8,148                                    | 15,724              |
| Payroll taxes             | -                       | 9,307             | 5,359                               | 9,953                                    | 24,619              |
| Professional fees         | -                       | -                 | 18,132                              | -  | 18,132              |
| Program expenses          | -                       | 8,841             | -                                   | -  | 8,841               |
| Public information        | -                       | -                 | -                                   | 14,470                                   | 14,470              |
| Rent                      | -                       | 12,778            | 2,457                               | 1,372                                    | 16,607              |
| Repairs and maintenance   | -                       | 7,715             | 81,011                              | -  | 88,726              |
| Salaries and wages        | -                       | 120,582           | 62,460                              | 99,717                                   | 282,759             |
| Telephone                 | -                       | -                 | 8,248                               | -  | 8,248               |
| Training and meetings     | -                       | -                 | 877                                 | 2,359                                    | 3,236               |
| United Way Worldwide      | -                       | -                 | 12,604                              | -  | 12,604              |
| USDA program              | -                       | 81,634            | -                                   | -  | 81,634              |
| VITA program              | -                       | 42,931            | -                                   | -  | 42,931              |
| Total functional expenses | <u>\$ 881,563</u>       | <u>\$ 421,361</u> | <u>\$ 249,908</u>                   | <u>\$ 140,497</u>                        | <u>\$ 1,693,329</u> |

*See Notes to Financial Statements.*



**United Way of San Luis Obispo County**

**Statement of Functional Expenses  
Year Ended June 30, 2023**

|                           | <b>Program Services</b> |                   | <b>Management<br/>&amp; General</b> | <b>Fundraising<br/>&amp; Development</b> | <b>Total</b>        |
|---------------------------|-------------------------|-------------------|-------------------------------------|--|---------------------|
|                           | <b>Grants</b>           | <b>Other</b>      |                                     |  |                     |
| Grant disbursements       | \$ 837,760              | \$ -              | \$ -                                | \$ -                                     | \$ 837,760          |
| 211 SLO program           | -                       | 57,671            | -                                   | -  | 57,671              |
| Bank charges              | -                       | -                 | 2,950                               | -  | 2,950               |
| Contract services         | -                       | -                 | 1,254                               | -  | 1,254               |
| Depreciation              | -                       | -                 | 1,783                               | -  | 1,783               |
| Dues and subscriptions    | -                       | -                 | 215                                 | 150                                      | 365                 |
| Employee benefits         | -                       | 12,760            | 3,409                               | 7,125                                    | 23,294              |
| Field expenses            | -                       | -                 | 1,085                               | 146                                      | 1,231               |
| Insurance                 | -                       | -                 | 2,363                               | -  | 2,363               |
| Miscellaneous             | -                       | -                 | 39,398                              | -  | 39,398              |
| Office supplies           | -                       | -                 | 9,030                               | 29                                       | 9,059               |
| Payroll taxes             | -                       | 14,347            | 6,948                               | 8,998                                    | 30,293              |
| Professional fees         | -                       | -                 | 10,264                              | -  | 10,264              |
| Program expenses          | -                       | 11,145            | -                                   | -  | 11,145              |
| Public information        | -                       | -                 | -                                   | 23,236                                   | 23,236              |
| Rent                      | -                       | -                 | 19,187                              | -  | 19,187              |
| Repairs and maintenance   | -                       | -                 | 27,748                              | -  | 27,748              |
| Salaries and wages        | -                       | 154,702           | 76,689                              | 91,883                                   | 323,274             |
| Telephone                 | -                       | -                 | 8,124                               | -  | 8,124               |
| Training and meetings     | -                       | -                 | 9,571                               | 7,440                                    | 17,011              |
| United Way Worldwide      | -                       | -                 | 2,012                               | -  | 2,012               |
| VITA program              | -                       | 20,025            | -                                   | -  | 20,025              |
| Total functional expenses | <u>\$ 837,760</u>       | <u>\$ 270,650</u> | <u>\$ 222,030</u>                   | <u>\$ 139,007</u>                        | <u>\$ 1,469,447</u> |

*See Notes to Financial Statements.*

*United Way of San Luis Obispo County*

*Statement of Changes in Net Assets  
Years Ended June 30, 2024 and 2023*

|                                 | <i><u>Without Donor<br/>Restrictions</u></i> | <i><u>With Donor<br/>Restrictions</u></i> | <i><u>Total</u></i> |
|---------------------------------|--|---|---------------------|
| <i>Year Ended June 30, 2022</i> | \$ 631,954                                   | \$ -                                      | \$ 631,954          |
| Change in net assets            | <u>(144,909)</u>                             | <u></u>                                   | <u>(144,909)</u>    |
| <i>Year Ended June 30, 2023</i> | 487,045                                      | -   | 487,045             |
| Change in net assets            | <u>(168,032)</u>                             | <u>-</u>                                  | <u>(168,032)</u>    |
| <i>Year Ended June 30, 2024</i> | <u>\$ 319,013</u>                            | <u>\$ -</u>                               | <u>\$ 319,013</u>   |

*See Notes to Financial Statements.*

*United Way of San Luis Obispo County*

*Statements of Cash Flows*  
*Years Ended June 30, 2024 and 2023*

|   | <u>2024</u>              | <u>2023</u>              |
|---|--------------------------|--------------------------|
| <b><i>Cash flows from operating activities:</i></b>   |                          |                          |
| Change in net assets  | \$ (168,032)             | \$ (144,909)             |
| <b><i>Adjustments to reconcile change in net assets to net cash used in operating activities:</i></b> |                          |                          |
| Depreciation  | 1,537                    | 1,783                    |
| Loss on disposal of fixed assets  | 3,209                    | -                        |
| Net realized and unrealized gain on beneficial interest held by others                                | (14,474)                 | (6,869)                  |
| <b><i>Changes in operating assets and liabilities:</i></b>  |                          |                          |
| Accounts receivable   | 10,200                   | 36,325                   |
| Promises-to-give receivables  | (57,788)                 | (830,239)                |
| Other receivables   | -                        | 84,547                   |
| Prepaid expense   | 2,161                    | 3,045                    |
| Accounts payable  | 17,822                   | (11,430)                 |
| Grants payable  | 52,563                   | (12,770)                 |
| Accrued compensation  | 9,780                    | (4,131)                  |
| Funds held for others   | (6,013)                  | 16,672                   |
| Deferred revenue  | -                        | 18,493                   |
| Net cash used in operating activities   | <u>(149,035)</u>         | <u>(849,483)</u>         |
| <b><i>Cash flows from investing activities:</i></b>   |                          |                          |
| Purchase of investments   | (12,825)                 | (4,954)                  |
| Proceeds from sale of property and equipment  | 8,500                    | -                        |
| Purchase of property and equipment  | -                        | (13,474)                 |
| Net cash used in investing activities   | <u>(4,325)</u>           | <u>(18,428)</u>          |
| <b><i>Net decrease in cash and cash equivalents</i></b>   | <b>(153,360)</b>         | <b>(867,911)</b>         |
| <b><i>Cash and cash equivalents, beginning of year</i></b>  | <b>374,084</b>           | <b>1,241,995</b>         |
| <b><i>Cash and cash equivalents, end of year</i></b>  | <b><u>\$ 220,724</u></b> | <b><u>\$ 374,084</u></b> |

*See Notes to Financial Statements.*

## *United Way of San Luis Obispo County*

### *Notes to Financial Statements*

#### ***Note 1. Operations and Summary of Significant Accounting Policies***

##### ***Nature of operations:***

The United Way of San Luis Obispo County (“the Organization”) is a California non-profit corporation governed by a Board of local volunteers, affiliated by membership with United Way Worldwide but addressing local needs as determined by the local communities. The original agency was established in 1958 as Associated in Group Donors and was incorporated as United Way of San Luis Obispo County in 1988.

By encouraging community members to give, advocate and volunteer, the Organization seeks to highlight critical health and human service issues and to focus support and contributions where the need is greatest in the community. The mission of the Organization is to foster structural change by addressing root causes in order to safeguard the future of the community, with a vision of a strong, health, compassionate community that gives youth the foundation to thrive and succeed.

The Organization partners with local agencies, businesses, service organizations, governments, neighborhoods and individuals, drawing together diverse collaborations of stakeholders to work towards eliminating the root causes that perpetuate unacceptable social issues. Continuous fundraising efforts on behalf of the Organization provide resources to three areas of impact – education, income and health. By concentrating on these initiatives and their objectives, the Organization is able to advance the common good by making long-lasting changes and increasing the quality of life for County residents.

The Organization remains committed to work towards and funding the establishment of programs that focus on prevention and continue to be dedicated to providing a safety net for local agencies through emergency funding requests. All grant proposals and emergency funding requests are reviewed by community volunteers and approved by the Organization Board of Directors. The Organization also conducts its fundraising campaigns to support contributions to local, national and international nonprofit agencies on behalf of donors who wish to delegate their gifts.

##### ***Basis of accounting:***

The financial statements are presented on an accrual basis, which recognizes income when performance obligations are met, and expenses when incurred, and in accordance with accounting principles generally accepted in the United States of America.

##### ***Reclassifications:***

Certain amounts in the 2023 financial statements have been reclassified for comparative purposes to conform with presentation in the 2024 financial statements.

## *United Way of San Luis Obispo County*

### *Notes to Financial Statements*

#### ***Financial statement presentation and net assets:***

The Organization has presented its financial statements in accordance with GAAP for not for profit organizations. Under this guidance, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions or with donor restrictions.

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

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

***Net Assets Without Donor Restrictions:*** Net assets available for use in general operations and not subject to donor (or grantor) restrictions.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

***Net Assets With Donor Restrictions:*** Net assets subject to donor (or grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions can be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets, if any, are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

## *United Way of San Luis Obispo County*

### *Notes to Financial Statements*

#### ***Public support:***

All public support revenue is considered to be available for unrestricted use unless specifically restricted by the donor or the terms of a grant. Revenue from public support is recognized at the time an unconditional promise to give or transfer of assets is made.

*Contributions:* The Organization receives contributions to support operating activities. These contributions can be from individuals, foundations, corporations, or trusts. The Organization records pledge contributions receivable, if any, net of allowances for estimated uncollectible amounts, when there is sufficient evidence in the form of verifiable documentation that an unconditional promise was received. Conditional gifts, with a measurable performance or other barrier and right of return, are not recognized until the conditions on which they depend are substantially met or explicitly waived by the donor.

Many contributions made to the Organization are made with restrictions established by the donor. Generally, these restrictions specify the charitable organization to receive the funds (a designated donation), or how the funds are to be disbursed. The donor is made aware that a specified percentage of the money pledged is to be used to increase resources available for Community Impact Fund.

*In-kind contributions:* The Organization recognizes contributions of services received if such services: (a) create or enhance nonfinancial assets (b) require specialized skills (c) are provided by individuals possessing those skills, and (d) would typically need to be purchased if not contributed. There were \$1,027 and \$20,300 of in-kind services for the years ended June 30, 2024 and 2023.

The Organization receives services from volunteers who give their time to the programs of the Organization. No amounts have been reflected for these types of donated services, as there is no objective basis available to measure the value of such services.

Contributions of assets other than cash are recorded at estimated fair value.

#### ***Revenue recognition:***

The Organization has certain revenue streams that are accounted for as reciprocal exchange transactions including grants for programs run by the Organization, including certain aspects of 211 SLO, VITA, and the USDA Farmworker program.

Because the Organization's performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in the revenue recognition guidance, and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. There are no incremental costs of obtaining a contract and no significant financing components.

*Grants for programs:* Program grants consist of amounts that are granted to the Organization to run certain programs. Most of the grants are reimbursement grants.

## *United Way of San Luis Obispo County*

### *Notes to Financial Statements*

Program grants are recognized as the services are provided, which is usually on a reimbursement basis. All of the Organization's revenue from contracts with customers are from performance obligations satisfied over time. Prices are specific to a distinct performance obligation and do not consist of multiple transactions.

A portion of the revenue is derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/or 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.

Program fees paid to the Organization in advance represent contract liabilities and are recorded as other deferred revenue, if any. Amounts billed but unpaid are contract assets and recorded as receivables.

#### ***Use of estimates:***

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates, and those differences could be material.

#### ***Fair value measurements:***

The *Fair Value Measurements* topic of the FASB *ASC 820*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

## ***United Way of San Luis Obispo County***

### ***Notes to Financial Statements***

The following are descriptions of the recurring valuation methods and assumptions used by the Organization to estimate the fair values of certain financial instruments:

*Cash and cash equivalents:* Fair values of money market funds are estimated to approximate deposit account balances, payable on demand, as no discounts for credit quality or liquidity were determined to be applicable (considered Level 1).

*Equity mutual funds:* Valued at the closing price reported on the active market on which the individual securities are traded and are considered Level 1.

*Investments held at The Community Foundation San Luis Obispo County:* The short-term and long-term investments held by the Community Foundation San Luis Obispo County are valued on a recurring basis based on the allocated value of the pooled investments held and are considered Level 3.

The donated services, if any, recorded by the Organization have been recorded at fair values, based on management's estimate of fair value on a non-recurring basis from comparisons of similar assets or services or from the value as provided by the donor. This is considered Level 2 of the fair value hierarchy.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain donated services, assets and use of facilities could result in a different fair value measurement at the reporting date.

#### ***Cash and cash equivalents:***

The Organization considers cash equivalents to be all short-term securities purchased with a maturity of three months or less.

The Organization maintains cash balances with financial institutions located in California. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2024 and 2023, the Organization held cash in financial institutions in excess of federally insured limits.

#### ***Investments:***

Investments, if any, are reported at fair value and are based primarily on quoted market prices or estimated fair value. Investments represent assets that have original maturities over 3 months and thus are not cash equivalents.

#### ***Investment held at Community Foundation – beneficial interest in endowment:***

As discussed in Note 3, the Organization has a beneficial interest in an endowment carried at the allocated fair market value of the pooled investments held by The Community Foundation San Luis Obispo County.



## *United Way of San Luis Obispo County*

### *Notes to Financial Statements*

#### ***Accounts receivable:***

Accounts receivable relate to amounts for program revenue, if any. Management has determined that an allowance for credit losses would be zero based on the Organization's credit policies, prior collection experience, and the type of customers associated with the Organization.

#### ***Promise-to-give-receivables:***

Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until the conditions are substantially met. All donations receivable are expected to be collected in less than one year as of June 30, 2024 and 2023. Management determines the allowance for credit losses on pledge receivables based on the Organization's prior collection experience, knowledge of the donors, and the type of donations associated with the Organization. The determination of collectability varies depending on the nature of the campaign. Payroll deductions from employees as well as corporate donations are typically part of the annual campaign.

#### ***Property and equipment:***

Purchased property and equipment are stated at cost and donated assets are valued at their estimated fair value on the date donated. All assets are depreciated over estimated useful lives on a straight line basis. Repairs and maintenance and small equipment purchases are expensed as incurred. Expenditures that significantly increase asset values or extend useful lives are capitalized. Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and gains or losses are included on the statement of activities. Estimated useful lives are as follows:

|            | <u><i>Years</i></u> |
|------------|---------------------|
| Equipment  | 5                   |
| Automobile | 7                   |
| Computers  | 5                   |

#### ***Compensated absences:***

The Organization allows all employees to receive compensation for vacation leave. The estimate related to compensated absences is based on vacation hours available and current pay rates. The obligation for compensated absences has been recorded to accrued vacation.

#### ***Grants payable:***

Grants are made from available funds in accordance with the designation of the donors. The Organization records a liability for grants when they have been approved by the Board of Directors, or when originally designated by the donor. All grants payable are due within one year.

## ***United Way of San Luis Obispo County***

### ***Notes to Financial Statements***

#### ***Funds held for others:***

The Organization holds assets under certain agency and intermediary arrangements. The Organization follows the authoritative guidance in the Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) topic for Not-for-Profit Entity, Revenue Recognition, Agent*. This Standard establishes standards for transactions in which the Organization accepts assets from a donor and agrees to transfer those assets, the return on investment of those assets, or both, to a not-for profit organization that is specified by the donor. The Organization accounts for the transfer of such assets as a liability.

The liability is reflected under funds held for others on the statement of financial position. Assets are invested in the Organization's investments.

#### ***Income tax status:***

The Organization's activities are generally exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Franchise Tax Code. Since the Organization is exempt from federal and state income tax liability, no provision is made for current or deferred income tax expense. The Organization is not a private foundation. Management has determined that the Organization is not subject to unrelated business income tax. Management is not aware of any transactions that would impact the Organization's tax-exempt status.

For the years ended June 30, 2024 and 2023, management of the Organization is not aware of any material uncertain tax positions to be accounted for in the financial statements under the principles of the *Income Taxes* topic of the FASB (*ASC*). The Organization recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense.

All tax exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes.

#### ***Functional expense allocations:***

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service. Expenses which apply to more than one functional category have been allocated based on estimates made by management.

#### ***Advertising:***

The Organization expenses advertising costs as incurred, if any.

**United Way of San Luis Obispo County**

**Notes to Financial Statements**

**Recent accounting pronouncements:**

On January 1, 2023, the Foundation adopted Accounting Standards Update (ASU) 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASC 326). This standard significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Foundation that are subject to the guidance in ASC 326 include pledges receivable. The impact of the adoption was not considered material to the financial statements and primarily resulted in new or enhanced disclosures only.

**Note 2. Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

|   | <u>2024</u>       | <u>2023</u>       |
|---|-------------------|-------------------|
| Cash and cash equivalents                 | \$ 220,724        | \$ 374,084        |
| Accounts receivable                       | -                 | 10,200            |
| Promises-to-give receivables, net         | 945,728           | 887,940           |
| Less: Grants payable (designated pledges) | (889,000)         | (836,437)         |
|   | <u>\$ 277,452</u> | <u>\$ 435,787</u> |

As part of the Organization's liquidity management plan, it has a policy to structure its financial assets to be available as its general expenditures liabilities, and other obligations come due.

**Note 3. Investment at Community Foundation - Beneficial Interest in Endowment**

Endowment activity for the investment held at the Community Foundation in the endowment pool (level 3 on a recurring basis with unobservable inputs), for the years ended June 30, 2024 and 2023 are as follows:

|   | <u>2024</u>       | <u>2023</u>      |
|---|-------------------|------------------|
| Beneficial interest in endowment, beginning of year | \$ 90,520         | \$ 83,651        |
| Net investment income, net of fees                  | (1,916)           | 636              |
| Unrealized gain                                     | 16,390            | 6,233            |
| Beneficial interest in endowment, end of year       | <u>\$ 104,994</u> | <u>\$ 90,520</u> |

**United Way of San Luis Obispo County**

**Notes to Financial Statements**

**Note 4. Property and equipment**

Major classes of property and equipment and accumulated depreciation are as follows at June 30, 2024 and 2023:

|                               | <u>2024</u>   | <u>2023</u>      |
|-------------------------------|---------------|------------------|
| Equipment                     | \$ 4,080      | \$ 4,080         |
| Automobile                    | -             | 13,474           |
| Computers                     | 19,078        | 19,078           |
|                               | <u>23,158</u> | <u>36,632</u>    |
| Less accumulated depreciation | (23,158)      | (23,386)         |
| Total property and equipment  | <u>\$ -</u>   | <u>\$ 13,246</u> |

Depreciation expense for the years ended June 30, 2024 and 2023 was \$1,537 and \$1,783, respectively.

**Note 5. Commitments**

The Organization receives funds through grants from various agencies. Grants can be subject to audit by the corresponding oversight agency as to allowable costs paid with the funds.

**Note 6. Lease Commitments**

The Organization has a month-to-month lease for office space.

**Note 7. Functionalized Expenses – Methods used for Allocations**

Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service. Expenses which apply to more than one functional category have been allocated based on estimates made by management.

**Note 8. Related Party Transactions**

United Way Worldwide provides support services to the Organization for a fee. These support services include legal advice, marketing, personnel, training, advertising, and campaign materials.

The Organization receives certain services from United Ways of California. As of June 30, 2024 and 2023, \$6,620 and \$6,942 were due to United Ways of California, respectively.

The Organization occasionally receives donations from board members, who are considered related parties to the Organization.

**Note 9. Subsequent Events**

The date to which events occurring after June 30, 2024 have been evaluated for possible adjustment to the financial statements or disclosure is February 25, 2025, which is the date on which the financial statements were available to be issued.