



Report of Independent Auditors and
Financial Statements



June 30, 2023 and 2022



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Report of Independent Auditors

The Board of Directors
United Way of the Bay Area DBA United Way Bay Area

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of United Way of the Bay Area DBA United Way Bay Area (UWBA, or the “Organization”), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows 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 UWBA as of June 30, 2023 and 2022, and the changes in its net assets 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 (GAAS). 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 UWBA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter-Adoption of New Accounting Standards

As discussed in Note 2 to the financial statements, UWBA adopted Financial Accounting Standards Board Accounting Standards Update 2016-02, *Leases (Topic 842)*, as of July 1, 2022, using the modified retrospective approach. Our opinion is not modified with respect to this matter.

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 UWBA’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 UWBA'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 UWBA'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.



San Francisco, California
April 8, 2024

Financial Statements

United Way of the Bay Area DBA United Way Bay Area
Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 1,728,858	\$ 2,115,523
Pledges receivable, net	2,665,781	4,228,805
Grants and contracts receivable, net	6,450,029	2,093,191
United Way Digital Holdings LLC receivable	40,000	80,000
Investments	21,825,040	30,618,349
Prepays and other assets	221,052	138,189
Furniture, equipment, and leasehold improvements, net	256,859	104,792
Operating right-of-use lease asset	2,595,236	-
	\$ 35,782,855	\$ 39,378,849
LIABILITIES AND NET ASSETS		
LIABILITIES		
Operating payables and accruals	\$ 1,069,434	\$ 776,260
Donor designations and allocations payable	1,731,141	3,031,504
Line of credit	3,102	2,022,818
Accrued vacation and related costs	398,150	344,215
Unearned revenue	175,000	-
Deferred rent	-	117,973
Operating lease liability	2,697,485	-
Liabilities to beneficiaries from split interest agreements	15,227	15,227
Accrued pension costs	1,368,981	2,408,227
	7,458,520	8,716,224
NET ASSETS		
Without donor restrictions:		
Undesignated	15,764,758	25,009,290
Board-designated	6,722,969	2,692,772
Pension liability in excess of intangible pension assets	(4,211,518)	(5,366,137)
	18,276,209	22,335,925
With donor restrictions	10,048,126	8,326,700
	28,324,335	30,662,625
	\$ 35,782,855	\$ 39,378,849

See accompanying notes.

United Way of the Bay Area DBA United Way Bay Area
Statements of Activities and Changes in Net Assets
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Public support:			
Gross campaign results	\$ 6,561,232	\$ 107,550	\$ 6,668,782
Less donor designations	(2,762,476)	-	(2,762,476)
Campaign revenue	3,798,757	107,550	3,906,307
Less provision for uncollectible pledges	(350,152)	-	(350,152)
Net campaign revenue	3,448,604	107,550	3,556,155
Grants	-	4,411,892	4,411,892
Other contributions	2,927,121	6,361,937	9,289,057
Donated goods and services	109,482	-	109,482
Net assets released from restrictions	9,754,676	(9,754,676)	-
Total public support	16,239,883	1,126,702	17,366,586
Service fees and earned income	281,514	79,734	361,248
Investment income, net	433,426	231,375	664,801
Net realized and unrealized gain on investments	662,551	283,615	946,166
Total public support and revenue	17,617,375	1,721,426	19,338,801
ALLOCATIONS AND EXPENSES			
Program services:			
Gross funds awarded/allocated to agencies	8,626,699	-	8,626,699
2-1-1 initiative	1,996,767	-	1,996,767
Housing	572,403	-	572,403
Economic success	3,221,835	-	3,221,835
Other community services	3,649,688	-	3,649,688
Donor designations	(2,235,541)	-	(2,235,541)
Total program services	15,831,851	-	15,831,851
Support services:			
Management and general	2,793,712	-	2,793,712
Fundraising	4,090,774	-	4,090,774
Total support services	6,884,486	-	6,884,486
Total allocations and expenses	22,716,337	-	22,716,337
CHANGE IN NET ASSETS BEFORE PENSION-RELATED CHANGES	(5,098,962)	1,721,426	(3,377,536)
PENSION-RELATED CHANGES OTHER THAN NET PERIODIC PENSION COST	1,039,246	-	1,039,246
CHANGE IN NET ASSETS	(4,059,716)	1,721,426	(2,338,290)
NET ASSETS, beginning of year	22,335,925	8,326,700	30,662,625
NET ASSETS, end of year	\$ 18,276,209	\$ 10,048,126	\$ 28,324,335

See accompanying notes.

United Way of the Bay Area DBA United Way Bay Area
Statements of Activities and Changes in Net Assets
For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Public support:			
Gross campaign results	\$ 7,607,291	\$ 358,509	\$ 7,965,800
Less donor designations	(2,816,133)	-	(2,816,133)
Campaign revenue	4,791,158	358,509	5,149,667
Less provision for uncollectible pledges	(315,493)	-	(315,493)
Net campaign revenue	4,475,665	358,509	4,834,174
Grants	1,834,384	7,025,580	8,859,964
Other contributions	2,647,065	242,952	2,890,017
Donated goods and services	18,835	-	18,835
Planned giving	50,996	15,873	66,869
Net assets released from restrictions	7,418,985	(7,418,985)	-
Total public support	16,445,930	223,929	16,669,859
Service fees and earned income	609,561	-	609,561
Investment income, net	476,043	-	476,043
Net realized and unrealized gain on investments	(5,334,617)	(329,081)	(5,663,698)
Total public support and revenue	12,196,917	(105,152)	12,091,765
ALLOCATIONS AND EXPENSES			
Program services:			
Gross funds awarded/allocated to agencies	8,820,195	-	8,820,195
2-1-1 initiative	1,363,083	-	1,363,083
Housing	480,747	-	480,747
Economic success	4,156,180	-	4,156,180
Other community services	2,512,884	-	2,512,884
Donor designations	(2,816,133)	-	(2,816,133)
Total program services	14,516,956	-	14,516,956
Support services:			
Management and general	1,915,191	-	1,915,191
Fundraising	3,418,122	-	3,418,122
Total support services	5,333,313	-	5,333,313
Total allocations and expenses	19,850,269	-	19,850,269
CHANGE IN NET ASSETS BEFORE PENSION-RELATED CHANGES	(7,653,352)	(105,152)	(7,758,504)
PENSION-RELATED CHANGES OTHER THAN NET PERIODIC PENSION COST	329,080	-	329,080
CHANGE IN NET ASSETS	(7,324,272)	(105,152)	(7,429,424)
NET ASSETS, beginning of year	29,660,197	8,431,852	38,092,049
NET ASSETS, end of year	\$ 22,335,925	\$ 8,326,700	\$ 30,662,625

See accompanying notes.

United Way of the Bay Area DBA United Way Bay Area
Statements of Functional Expenses
For the Year Ended June 30, 2023

	Program Services						Support Services				Total
	Funds Awarded/Allocated to Agencies	2-1-1 Initiative	Housing	Economic Success	Other Community Services	Donor Designations	Total Program Services	Management and General	Fundraising	Total Support Services	
ALLOCATIONS AND EXPENSES											
Salaries	\$ -	\$ 308,073	\$ 348,289	\$ 1,332,862	\$ 1,792,664	\$ -	\$ 3,781,888	\$ 1,480,158	\$ 1,605,132	3,085,290	\$ 6,867,178
Payroll taxes and employee benefits	-	69,110	78,132	299,001	402,148	-	848,391	332,044	360,079	692,123	1,540,514
Subtotal	-	377,183	426,421	1,631,863	2,194,812	-	4,630,279	1,812,202	1,965,211	3,777,413	8,407,692
Professional services	-	1,410,021	67,009	1,068,941	693,171	-	3,239,142	385,710	1,360,028	1,745,738	4,984,880
Supplies	-	895	921	5,830	7,005	-	14,651	5,330	10,465	15,795	30,446
Telephone	-	30,857	5,987	41,917	42,986	-	121,747	34,654	33,964	68,618	190,365
Postage, warehouse, and delivery	-	614	597	5,072	4,533	-	10,816	3,454	10,661	14,115	24,931
Occupancy	-	22,918	25,357	155,553	173,595	-	377,423	146,776	143,850	290,626	668,049
Insurance	-	2,297	2,541	15,589	17,397	-	37,824	14,709	14,416	29,125	66,949
Furniture, equipment, and leasehold improvements	-	4,763	4,828	30,171	36,377	-	76,139	27,947	30,659	58,606	134,745
Media and printing	-	5,038	441	36,737	24,905	-	67,121	2,448	271,874	274,322	341,443
Travel	-	6,726	4,543	41,347	59,230	-	111,846	7,261	33,709	40,970	152,816
Conference, training, and meetings	-	12,776	6,415	15,819	41,803	-	76,813	4,490	37,035	41,525	118,338
Bank, interest, merchant, and other fees	-	6,809	7,533	46,233	51,613	-	112,188	43,605	42,756	86,361	198,549
Miscellaneous	-	5,272	5,832	36,014	44,712	-	91,830	33,761	49,849	83,610	175,440
United Way Worldwide dues	-	104,662	7,410	50,458	212,585	-	375,115	42,893	44,038	86,931	462,046
Depreciation and amortization	-	5,936	6,568	40,291	44,964	-	97,759	38,017	37,259	75,276	173,035
Total	-	1,996,767	572,403	3,221,835	3,649,688	-	9,440,693	2,603,257	4,085,774	6,689,031	16,129,724
Allocations/awards/designations	2,235,541	325,000	1,325,000	3,614,487	1,126,671	(2,235,541)	6,391,158	190,455	5,000	195,455	6,586,613
TOTAL ALLOCATIONS AND EXPENSES	\$ 2,235,541	\$ 2,321,767	\$ 1,897,403	\$ 6,836,322	\$ 4,776,359	\$ (2,235,541)	\$ 15,831,851	\$ 2,793,712	\$ 4,090,774	\$ 6,884,486	\$ 22,716,337

See accompanying notes.

United Way of the Bay Area DBA United Way Bay Area
Statements of Functional Expenses
For the Year Ended June 30, 2022

	Program Services						Support Services			Total	
	Funds Awarded/Allocated to Agencies	2-1-1 Initiative	Housing	Economic Success	Other Community Services	Donor Designations	Total Program Services	Management and General	Fundraising		Total Support Services
ALLOCATIONS AND EXPENSES											
Salaries	\$ -	\$ 199,599	\$ 285,412	\$ 1,793,220	\$ 1,241,542	\$ -	\$ 3,519,773	\$ 858,260	\$ 1,344,572	\$ 2,202,832	\$ 5,722,605
Payroll taxes and employee benefits	-	42,077	60,166	378,021	261,724	-	741,988	213,974	283,444	497,418	1,239,406
Subtotal	-	241,676	345,578	2,171,241	1,503,266	-	4,261,761	1,072,234	1,628,016	2,700,250	6,962,011
Professional services	-	866,264	59,105	1,116,594	463,170	-	2,505,133	368,816	1,198,247	1,567,063	4,072,196
Supplies	-	521	546	7,463	3,680	-	12,210	3,418	6,470	9,888	22,098
Telephone	-	179,838	(329)	3,793	20,390	-	203,692	(2,059)	14,294	12,235	215,927
Postage, warehouse, and delivery	-	1,917	1,936	18,343	13,120	-	35,316	12,135	13,555	25,690	61,006
Occupancy	-	33,312	34,861	320,723	222,461	-	611,357	218,464	210,717	429,181	1,040,538
Insurance	-	3,287	3,440	31,645	21,708	-	60,080	21,555	20,791	42,346	102,426
Furniture, equipment, and leasehold improvements	-	607	636	5,847	5,030	-	12,120	3,983	13,306	17,289	29,409
Media and printing	-	3,757	1,508	60,960	21,074	-	87,299	9,140	56,851	65,991	153,290
Travel	-	712	633	18,363	13,370	-	33,078	3,936	16,976	20,912	53,990
Conference, training, and meetings	-	2,768	3,178	71,366	25,237	-	102,549	17,724	53,615	71,339	173,888
Bank, interest, merchant, and other fees	-	2,106	2,204	20,274	13,907	-	38,491	13,810	14,995	28,805	67,296
Miscellaneous	-	1,785	1,778	70,074	24,441	-	98,078	11,145	15,104	26,249	124,327
United Way Worldwide dues	-	22,129	23,158	213,057	146,155	-	404,499	145,126	139,980	285,106	689,605
Depreciation and amortization	-	2,404	2,515	26,437	15,875	-	47,231	15,764	15,205	30,969	78,200
Total	-	1,363,083	480,747	4,156,180	2,512,884	-	8,512,894	1,915,191	3,418,122	5,333,313	13,846,207
Allocations/awards/designations	2,816,133	230,000	525,000	3,429,100	1,819,962	(2,816,133)	6,004,062	-	-	-	6,004,062
TOTAL ALLOCATIONS AND EXPENSES	\$ 2,816,133	\$ 1,593,083	\$ 1,005,747	\$ 7,585,280	\$ 4,332,846	\$ (2,816,133)	14,516,956	\$ 1,915,191	\$ 3,418,122	5,333,313	\$ 19,850,269

See accompanying notes.

United Way of the Bay Area DBA United Way Bay Area
Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (2,338,290)	\$ (7,429,424)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Change in provision for uncollectible pledges	(350,152)	(154,316)
Change in discount on grants receivable	(131,144)	(4,434)
Change in discount on pledges receivable	10,433	(4,597)
Uncollectible pledge write-offs	-	161,376
Contribution of marketable securities	(1,836,568)	-
Depreciation	77,613	78,200
Net realized and unrealized (gain) loss on investments	(946,166)	5,663,698
Amortization of operating right-of-use lease assets	95,422	-
Pension-related changes other than net periodic cost	-	(288,417)
Changes in assets and liabilities:		
Pledges receivable	1,902,744	284,130
Grants and contracts receivable	(4,225,694)	1,183,014
United Way Digital Holdings LLC receivable	40,000	40,000
Prepays and other assets	(82,863)	120,980
Operating payables and accruals	293,174	(2,079,177)
Donor designations and allocations payable	(1,300,363)	1,086,409
Accrued vacation and related costs	53,935	30,440
Unearned revenue	175,000	-
Deferred rent	(117,973)	(140,032)
Operating right-of-use lease assets	(2,690,658)	-
Operating lease liability	2,697,485	-
Accrued pension costs	(1,039,246)	(31,089)
Net cash (used in) provided by operating activities	<u>(9,713,311)</u>	<u>(1,483,239)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(827,441)	(4,266,393)
Proceeds from sale of investments	12,403,483	5,793,857
Purchases of furniture, equipment, and leasehold improvements	(229,680)	(41,049)
Net cash provided by (used in) investing activities	<u>11,346,362</u>	<u>1,486,415</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Draw on (repayment of) the line of credit	(2,019,716)	19,796
Net cash (used in) provided by financing activities	<u>(2,019,716)</u>	<u>19,796</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(386,665)	22,972
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,115,523</u>	<u>2,092,551</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,728,858</u>	<u>\$ 2,115,523</u>
SUPPLEMENTAL DISCLOSURE OF CASH PAID FOR		
Interest	<u>\$ 130,690</u>	<u>\$ 40,530</u>
OPERATING RIGHT-OF-USE LEASE ASSETS OBTAINED IN EXCHANGE FOR OPERATING LEASE LIABILITIES	<u>\$ 2,595,236</u>	<u>\$ -</u>

See accompanying notes.

United Way of the Bay Area DBA United Way Bay Area

Notes to Financial Statements

Note 1 – Organization and Purpose

United Way of the Bay Area DBA United Way Bay Area (“UWBA,” or the “Organization”), incorporated in California in 1922, is an independent, locally managed nonprofit organization. It has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code (“IRC”) and Section 23701d of the California Revenue and Taxation Code. UWBA has also made the 501(h) election under the IRC.

UWBA is committed to creating community change by positioning itself as an inclusive community leader in the eight Bay Area counties served, while honoring donors’ philanthropic interests.

UWBA pursues a selected, targeted set of programs that help people survive the struggles of poverty and move toward economic success. Each of these programs also has a role in helping to evolve the public and private systems around them to better serve people in poverty. UWBA’s programs take the form of providing direct service to clients, issuing grants to organizations to provide services, and/or engaging in collaborative partnerships. Grant proposals are evaluated on the basis of their alignment with UWBA’s strategic plan as well as the agency’s ability to demonstrate high standards in fiscal and programmatic operations, and overall organizational strength. Grants and the focus of grant-making activities are reported to and approved by UWBA’s Board of Directors. In response to the needs of the community, UWBA focuses its goals and its use of resources. In doing so, it may, from time to time, discontinue the management of specific programs. Discontinuance may include closing, merging, or establishing the independence of programs. When such transitions take place, the purpose has been and will continue to be enhancing the ability of UWBA to concentrate its efforts on helping to cut the number of families living in poverty.

Following is a summary of UWBA work across its core program areas of basic needs, financial stability, career and employment opportunities, and housing justice in addition to its public policy advocacy strategies.

Financial Stability

SparkPoint – SparkPoint centers work with families to meet basic needs, increase income, build credit, increase savings, and reduce debt through offering basic needs, career and educational, and financial services. SparkPoint provides free financial coaching to work one-on-one with clients both virtually and in person to recognize behavioral outcomes, set goals, brainstorm strategies, and set realistic action plans to move people toward financial prosperity. SparkPoint centers also provide rent relief and connect clients to housing resources.

Throughout the pandemic, SparkPoint centers moved toward a hybrid model of services to meet clients both virtually and in-person to better support access to public benefits and financial coaching services. SparkPoint provided services to approximately 22,000 individuals throughout the San Francisco Bay Area region through 12 SparkPoint Centers and 24 service locations. Most community members sought out SparkPoint to access supportive services related to financial services and getting help meeting their basic needs. A total of over 2,800 participated in free one-on-one financial coaching services to reach their financial goals, among whom 65% were able to make progress toward their financial goals after enrolling in SparkPoint and approximately 1,143 enrolled in public benefits.

United Way of the Bay Area DBA United Way Bay Area Notes to Financial Statements

Free Tax Help (formerly known as Earn It! Keep It! Save It!) – UWBA Free Tax Help program provides high-quality free tax preparation in our eight counties. UWBA work closely with Internal Revenue Service (“IRS”) and local Volunteer Income Tax Assistance (“VITA”) sites. UWBA typically have more than 100 tax sites managed by our coalition locally. In fiscal year 2023, many of UWBA sites were able to operate with an in-person component and some continued with a virtual option through UWBA partnership with GetYourRefund.org. This year, UWBA served approximately 31,900 households and helped them claim over \$45.4 million in refunds. UWBA aims to serve a similar or higher number for next tax season. UWBA assist Earned Income Tax Credit (“EITC”)-eligible families in claiming life-changing tax credits because the EITC and the Child Tax Credit (“CTC”) are critical poverty-fighting tools – the credits are well-researched and proven to be the most effective anti-poverty program in the country. UWBA have also been able to keep nearly all UWBA sites open, engaging approximately 1,380 volunteers.

Meeting Basic Needs

211 – 211 connects users with health and human services in their community through calls, texts, and web search. UWBA 211 serves San Francisco, Santa Clara, San Mateo, Marin, Napa and Solano counties. In fiscal year 2023, 211 answered approximately 45,960 calls and texts providing Bay Area residents with information and a total of approximately 104,000 referrals to a variety of resources to address their needs. 211 is available 24 hours a day, seven days a week in over 150 languages. The number one need of callers is housing-related, and since 2022, 211 has screened more than 25,000 callers for housing stability to ensure Bay Area residents can access everything from shelter information and tenants’ rights resources to rental assistance and supportive housing.

Emergency Food & Shelter Program (“EFSP”) – EFSP is critical to UWBA’s poverty-fighting agenda. This year, EFSP entered its 39th year of funding safety net programs. This federal funding is allocated to the Federal Emergency Management Agency (“FEMA”), which works with United Way Worldwide as the fiscal agent for the program. EFSP is a unique public-private partnership between the federal government and the United Way system. Since its inception, UWBA and local boards (local boards are mandated local committees that have oversight of the federal funding) have allocated federal funding to hundreds of food and shelter programs. For this most recent round of funding, EFSP allocated approximately \$11,190,000 to agencies in eight counties. Approximately 645,000 unduplicated individuals were served by one of the 125 EFSP-funded agencies in the Bay Area during the current grant period. While this is not funding raised by UWBA, it is vital that UWBA expertise and relationships are leveraged to support our local food and shelter programs.

Emergency Assistance Network (“EAN”) – EAN is a collaboration with seven local Santa Clara County partner agencies that offers assistance to families and individuals experiencing emergency situations. This collaborative provides food assistance, rent and mortgage aid, utility assistance, medical and transportation aid, often alongside case management and financial education. UWBA provided the EAN agencies a total of \$600,000 in grants to support that work. This year the EAN served approximately 84,500 individuals at food pantries and distributed \$275,000 in direct assistance. EAN agencies assisted approximately 3,200 households (approximately 8,470 individuals) in the community specifically with housing and utility assistance.

United Way of the Bay Area DBA United Way Bay Area

Notes to Financial Statements

Employment and Career Opportunities

Labor Community Services – The Labor Community Services program is a comprehensive resource for working families. UWBA Labor Liaisons, placed with three local Central Labor Councils, provide information and referral, direct hardship assistance, high-impact workforce programs, community organizing, immigration legal services, and civic engagement opportunities. UWBA’s three Labor Community Services staff served approximately 1,240 households (approximately 2,220 individuals) with direct financial assistance for hardships or provided navigation services and connection to other local social services agencies.

Youth Opportunity Pathways – Through Youth Opportunity Pathways, UWBA is providing career exploration and readiness opportunities for youth aged 14-24. This year, UWBA continued to partner across the region. The partners to provide youth with mentorship, job readiness activities, and college access support. We engaged with 5 community partners, serving over 1,200 youth. We hosted our first College Essay Review event which supported 35 youth in their college application journey. Additionally, our signature event, On Track, was hosted at San Francisco State University, our first time at a four-year university, based on the feedback of our community partners.

Housing Justice – During the first half of fiscal year 2023, UWBA continued support of our housing justice grantees. We also launched our Community Ambassador grantmaking efforts, training and supporting UWBA Ambassadors to review applications and awards. The Ambassadors led a process to grant \$250,000 to 10 grantees. A second round of grants at the end of the year provided continued support to most of the original grantees. In April, UWBA hired a new Director, Housing Justice Initiative. During fiscal year 2023, UWBA drafted a region-wide public will-building campaign that we will begin implementing in fiscal year 2024.

Public Policy Advocacy – UWBA recognizes that in order to achieve UWBA’s goal of ending poverty in the community, we must advance public policies that support UWBA’s mission. UWBA’s Public Policy team influences policy and engages in advocacy at all levels of government. UWBA’s primary policy focus is targeted at the local level in the eight-county service area (Alameda, Contra Costa, Marin, Napa, San Francisco, Santa Clara, San Mateo, and Solano). In addition, UWBA provides advocacy support to state and federal issues important to the United Way network. Two key accomplishments include: 1) our work to ensure bi-partisan legislation for 211 funding on the state and federal levels progresses through respective legislatures and 2) UWBA worked with partners to educate communities and elected officials regarding local tenant protections ordinances.

Note 2 – Significant Accounting Policies

Basis of accounting – The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and with the financial statement standards of United Way Worldwide. United Way Worldwide standards are required for membership and comply with Financial Accounting Standards Board (“FASB”) accounting standards codification for not-for-profit organizations.

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Use of estimates – Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's estimates. Significant estimates include the provision for uncollectible pledges; present value calculations for lease assets and liabilities, grants receivable, and pledges receivable; useful lives and impairment of furniture, equipment, and leasehold improvements; fair value of investments; allocation of functional expenses; and the unfunded pension liabilities. The fair value of investments and pension assets are subject to material volatility based on market conditions. This could have a significant effect on these financial statements.

Classes of net assets – The accompanying financial statements are presented on the basis of net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions – Net assets without donor restrictions include resources available to support UWBA operations and donor-restricted resources for which the restrictions have been met by nature of the passage of time or fulfillment of the restricted purpose. A portion of net assets without donor restrictions have been designated by UWBA's Board of Directors ("Board") for specific mission-related purposes (see Note 9).

Net assets with donor restrictions – Net assets with donor restrictions include resources with donor-imposed time and/or purpose restrictions. Purpose restrictions, once fulfilled by actions of UWBA, and time restrictions, once fulfilled by the passage of time, are reclassified as net assets without donor restrictions and are reported in the accompanying statements of activities and changes in net assets as net assets released from restrictions. Net assets with donor restrictions also includes those with a time restriction in perpetuity. Such a restriction arises when a donor restriction specifies that the donated assets be maintained in perpetuity and that only the income generated from these assets is made available for use by the Organization (see Note 10 and Note 11).

Cash and cash equivalents – All highly liquid investments with an original maturity of three months or less when purchased and not held through the investment account are considered to be cash equivalents. Substantially all of the cash equivalent balances held in financial institutions at June 30, 2023 and 2022, exceeded federal depository insurance coverage. UWBA has not experienced any losses in such accounts. Cash and cash equivalents held in money market funds that are considered nonoperating cash are intended for investment purposes and are classified separately under investments.

Pledges receivable – Pledges receivable consist of unconditional promises to give by donors and are recorded at net-realizable value. Pledges receivable are net of provisions for uncollectible pledges of \$665,635 and \$315,483 as of June 30, 2023 and 2022, respectively. Unconditional promises to give that are expected to be collected in future years are recorded at the fair value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable in the years in which those promises are received. The discount rates range from 0.45% to 2.43%. Pledges receivable are net of discounts of \$0 and \$10,433 at June 30, 2023 and 2022, respectively.

Provisions for uncollectible pledges – The provision for uncollectible pledges is computed based upon historical averages and management's consideration of current economic factors that could affect pledge collections. For the year ended June 30, 2023, there were no uncollectible pledge write-offs. For the year ended June 30, 2022, there were uncollectible pledge write-offs of \$161,376.

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Grants and contracts receivable – Grants and contracts receivable consist of unconditional promises to give by granting organizations. Unconditional promises to give that are expected to be collected during the following fiscal year are recorded at the amount contributed. Unconditional promises to give that are expected to be collected in future years are recorded at the fair value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable in the years in which those promises are received. The discount rates range from 1.24% to 1.50%. Grants receivable are net of discounts of \$131,144 and \$0 at June 30, 2023 and 2022, respectively. Based on prior write-off history, overall economic conditions, and the current receivable aging status, UWBA establishes a provision for grants receivable, if any, at a level considered adequate to cover anticipated credit losses on grants receivable. There were no provisions for grants receivable as of June 30, 2023 and 2022.

Investments – UWBA's investments are stated at fair value using quoted market prices at fiscal year-end. Investments include money market funds and marketable securities held principally for investment purposes. Unrealized gains and losses that result from market fluctuations are recognized in the period such fluctuations occur in the accompanying statements of activities and changes in net assets. Realized gains and losses that result from sales or maturities of securities during the year are calculated on an adjusted cost basis and are reflected in the accompanying statements of activities and changes in net assets. Marketable securities received as donations are recorded at fair value at the date of the donation and are generally sold as soon as practical after receipt.

Fair value of assets and liabilities – UWBA determines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value reporting standards establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of input that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include cash and cash equivalents, equity, fixed income securities, and exchange-traded equities.

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Furniture, equipment, and leasehold improvements – Furniture, equipment, and leasehold improvements are stated at cost, if purchased, or if donated, at fair value at the date of the donation for items exceeding \$5,000. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, ranging from three to ten years. Leasehold improvements are amortized over the lesser of the useful life of the asset or the term of the lease. Total depreciation amounted to \$77,613 and \$78,200 for the years ended June 30, 2023 and 2022, respectively.

Leases – Effective July 1, 2022, UWBA adopted FASB Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, using the modified retrospective approach. Topic 842 requires lessees to recognize a lease liability and a right-of-use (ROU) asset for all leases, including operating leases, with an expected term greater than 12 months on its statement of financial position.

UWBA elected the available practical expedient options which allows it to not reassess whether any existing or expired contracts contain leases, to not reassess lease classifications for any existing or expired leases, and to not reassess initial direct costs for its existing leases. UWBA leases office space used in operations. As part of the lease contract terms, UWBA agrees to maintain the leased building space. UWBA has made an accounting policy election to account for its building leases and nonlease components as a single component. Because the building leases are predominant in these contracts, UWBA accounts for its building leases and their associated maintenance services as a single combined operating lease component in accordance with ASC 842. Associated with the adoption of this practical expedient, lease and maintenance service expenses are presented in a single line item in the statement of activities. UWBA also elected the practical expedient option to use the applicable risk-free rate based on the information available at lease commencement in determining the present value of future payments, and the practical expedient option to not separate leases and nonlease components on real estate leases where UWBA is the lessee.

UWBA determines if an agreement is a lease at inception. If a lease is modified by a change to the terms and conditions impacting the scope of the lease, UWBA evaluates to determine whether it contains a lease and if a lease continues to exist. There were no modifications to operating leases for the year ended June 30, 2023. The ROU asset represents UWBA's right to use an underlying asset for the lease term and a lease liability is recognized on the statement of financial position at commencement date. The lease liability is determined on the present value of the future minimum rental payments.

UWBA's operating leases also provide for payment of operating expenses, such as common area charges, utilities, real estate taxes, and other executory costs. These costs are separate from the minimum rent payment and are not considered in the determination of the lease liability and ROU asset. The operating lease ROU asset includes any lease payments made and initial direct costs incurred and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that UWBA will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

Gross campaign results – Gross campaign results consist of cash and unconditional promises to give to UWBA during the annual fundraising campaigns and include contributions processed by third-party processors. Donor designations and the provision for uncollectible pledges are deducted from gross campaign results to arrive at campaign revenue.

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Donor designations and service fee revenue – Donor designations (or “agency transactions”) consist of contributions that are designated by the donor to nonprofit organizations other than UWBA that include contributions processed by third-party processors and are deducted from gross campaign results to arrive at net campaign revenue. External donor designations are paid to the designated organizations on a monthly basis, by electronic funds transfer (“EFT”) as information allows, and on a quarterly basis by check for all others, as pledges are collected. Proportionate shares of the receipts are distributed out to the agencies net of service fees. Service fee revenue is reported in the accompanying statements of activities and changes in net assets. Additionally, there are donor designations that are contributions designated by the donor to provide general support to UWBA’s internal programs, which represent purpose recommendations but do not rise to the level of agency transactions or donor restrictions.

Planned gifts – Planned gifts that are irrevocable are recognized as a receivable when amounts due to UWBA can be reasonably estimated. As of June 30, 2023 and 2022, UWBA has only one type of planned gift – pooled income funds. Assets associated with these gifts totaled \$141,761 and \$146,814 as of June 30, 2023 and 2022, respectively, at fair value and are included in investments in the accompanying statements of financial position. Liabilities associated with these gifts totaled \$15,227 as of June 30, 2023 and 2022, at fair value and are included in the accompanying statements of financial position.

Contributions – Contributions and grants are recognized at fair value, as revenue, when received or unconditionally promised and collection is deemed to be reasonably certain.

UWBA reports contributions and grants as with donor restrictions if such gifts are received with donor stipulations that limit the use of the donated assets, unless there are written agreements that supersede those stipulations. When the 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 as net assets released from restrictions. Contributions with donor restrictions whose restrictions are met in the same year they are received are reported as contributions with donor restrictions and included as net assets released from restrictions in the statement of activities and changes in net assets.

Donated goods and services – UWBA recognizes the value of donated rent, equipment, supplies, and advertising services at the fair value for similar items. UWBA recognizes the fair value of donated services if the services meet the recognition criteria, which include: a) requiring specialized skills; b) provided by someone with those skills; and c) would have to be purchased if they were not donated. Although UWBA receives a significant amount of contributed time from volunteers, this time does not meet the recognition criteria. Accordingly, the value of this contributed time is not reflected in the accompanying financial statements. UWBA received in-kind rent for one of its office locations of \$109,482 and \$18,835 for the years ended June 30, 2023 and 2022, respectively. The value of this rent was provided by the landlord, the Sobrato Family Foundation, as part of the lease contract.

Conditional promises to give – Conditional promises to give are defined as donor’s promises to give with stipulation that represents a barrier that must be overcome before the donor is entitled to the assets promised or transferred and a right of return to the donor of assets promised or transferred. Conditional contributions are recognized in the financial statements when the conditions on which they depend are met. There were no conditional promises to give as of June 30, 2023 and 2022.

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Gross funds awarded/allocated to agencies – The amount shown on the accompanying statements of activities and changes in net assets includes grants to UWBA initiatives and programs. These grants are made to partner agencies that advance the work of UWBA programs and the impact of UWBA’s work to alleviate poverty. They are largely funded by programmatically restricted grants awarded to UWBA to achieve specific outcomes in specific locales. Grant-making activities are reported to the Board of Directors. Each grant made is included in the appropriate supporting schedule of the annual IRS Form 990. However, to comply with financial statement presentation requirements, these grants are shown net of an offset amount to prevent revenue duplication between without-donor restrictions and with-donor restrictions accounts.

Functional allocation of expenses – The majority of expenses can be directly identified with the program or supporting services to which they relate and are charged accordingly. Other expenses have been allocated among program and supporting services classifications based on the average number of full-time employees, the time study allocation method, or on a direct cost basis. This is consistent with the standards for allocation of functional expenses in accordance with GAAP and United Way Worldwide.

Change in allocation methodology and reclassifications – Certain changes to the allocation methodology and classifications in the statement of functional expense for the period ending June 30, 2022, have been made to correspond to the 2023 presentation. Net assets and changes in net assets are unchanged due to these allocations and reclassifications.

Concentrations of risk – UWBA received approximately 49% and 45% as of June 30, 2023 and 2022, respectively, of its gross campaign revenue from five employers. All of these employers are nationally aligned through United Way Worldwide; therefore, the risk of loss of these employers by UWBA is remote. As of June 30, 2023 and 2022, UWBA had receivables from these five sources totaling \$1,167,175 and \$707,062 representing approximately 35% and 16% of total pledges receivables, respectively.

Financial instruments potentially subjecting UWBA to concentrations of credit risk consist primarily of bank demand deposits in excess of Federal Deposit Insurance Corporation (“FDIC”) insurance thresholds and equity investments in excess of Securities Investor Protection Corporation (“SIPC”) insurance. UWBA has not experienced any losses in such accounts in the past.

Income taxes – UWBA is exempt from federal income tax under Section 501(c)(3) of the IRC and Section 23701d of the California Revenue and Taxation Code except to the extent of unrelated business taxable income as defined under IRC sections 511 through 515. Since UWBA has immaterial unrelated business taxable income, no provision for income taxes has been provided in these financial statements. UWBA has no unrecognized tax benefits or uncertain tax positions as of June 30, 2023 and 2022.

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Note 3 – Pledges and Grants and Contracts Receivable

UWBA expected to receive pledges receivable at June 30:

	<u>2023</u>	<u>2022</u>
Amount due:		
In the next year	\$ 3,331,416	\$ 3,554,721
Between two and five years	-	1,000,000
	<u>3,331,416</u>	<u>4,554,721</u>
Discount	-	(10,433)
Provision for uncollectible pledges	<u>(665,635)</u>	<u>(315,483)</u>
Pledges receivable, net	<u>\$ 2,665,781</u>	<u>\$ 4,228,805</u>

UWBA's donor grants and contracts receivable at June 30 were:

	<u>2023</u>	<u>2022</u>
Amount due:		
In the next year	\$ 3,281,173	\$ 2,093,191
Between two and five years	<u>3,300,000</u>	<u>-</u>
	<u>6,581,173</u>	<u>2,093,191</u>
Discount	<u>(131,144)</u>	<u>-</u>
Grants and contracts receivable, net	<u>\$ 6,450,029</u>	<u>\$ 2,093,191</u>

Note 4 – Investments and Fair Value Measurement

The following tables present the investments carried at fair value on the accompanying statements of financial position as of June 30, 2023 and 2022, by valuation hierarchy:

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UWBA's long-term asset allocation policy was developed by staff and approved by the Board to manage market fluctuations over time. UWBA is aware there are challenges in the current financial markets and continues to monitor related vol

	2023		
	Level 1	Level 2	Total
Equity:			
Domestic	\$ 5,295,046	\$ -	\$ 5,295,046
International	1,876,376	-	1,876,376
Small cap funds	464,156	-	464,156
Bond Funds:			
Low duration and intermediate	13,162,365	-	13,162,365
International global	664,661	-	664,661
Cash and cash equivalents (held for investment)	220,675	-	220,675
Pooled income funds	141,761	-	141,761
Total	\$ 21,825,040	\$ -	\$ 21,825,040
	2022		
	Level 1	Level 2	Total
Equity:			
Domestic	\$ 12,573,684	\$ -	\$ 12,573,684
International	2,313,271	-	2,313,271
Balanced fund	130,603	-	130,603
Small cap funds	516,125	-	516,125
Commodities/natural resources fund	196,658	-	196,658
Bond Funds:			
Low duration and intermediate	5,910,514	-	5,910,514
International global	8,224,473	-	8,224,473
Cash and cash equivalents (held for investment)	606,207	-	606,207
Pooled income funds	146,814	-	146,814
Total	\$ 30,618,349	\$ -	\$ 30,618,349

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Note 5 – Furniture, Equipment, and Leasehold Improvements

Furniture, equipment, and leasehold improvements consisted of the following at June 30:

	2023	2022
Computer software and equipment	\$ 1,292,193	\$ 1,197,966
Office furniture	596,655	512,402
Equipment	220,684	220,684
Leasehold improvements	428,240	377,040
Vehicles	16,713	16,713
Total	2,554,485	2,324,805
Less accumulated depreciation and amortization	(2,297,626)	(2,220,013)
Total furniture, equipment, and leasehold improvements, net	\$ 256,859	\$ 104,792

Note 6 – Other Contributions

Other contributions were comprised of the following for the years ended June 30:

	2023	2022
Other contributions without donor restrictions:		
Noncampaign donations	\$ 9,253,661	\$ 2,608,645
Prior-year campaign revenue	6,912	33,362
Revenue - other United Ways	-	229,761
Special events income	28,484	-
Sponsorship fees	-	18,249
Total other contributions	\$ 9,289,057	\$ 2,890,017

Note 7 – Leases

UWBA leases office spaces and equipment. The leases are classified as operating leases which provides for periodic rent increases and extension options. In calculating the lease liability, an option to extend or terminate the lease early is included in the lease term when it is reasonably certain the option will be exercised. The leases provide that UWBA pay taxes, maintenance, insurance, and other expenses; these expenses are recognized in the period in which the obligations are incurred. The weighted average remaining lease term and the weighted average discount rate of UWBA's leases are 90 months and 3.71%, respectively, as of June 30, 2023.

The right-of-use assets and lease liabilities are based on the lease components as identified in the underlying agreements. A lease component is the cost stated in the agreement that directly relates to the right to use identified asset(s). When known or determinable, UWBA uses the rate implicit in the lease in determining the present value of lease payments. Otherwise, the risk-free rate is used.

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Total amortization expense for the year ended June 30, 2023, was \$95,422. Rental expense for the years ended June 30, 2023 and 2022, was \$668,049 and \$1,040,538, respectively, and is included in occupancy in the accompanying statements of functional expenses.

The undiscounted cash flows for future maturities of UWBA's operating lease liabilities and the reconciliation of the undiscounted cash flows to the operating lease liabilities recognized in UWBA's statement of financial position are as follows:

<u>Years Ended June 30,</u>		
2024	\$	356,397
2025		390,452
2026		402,166
2027		414,231
Thereafter		<u>1,549,981</u>
Total future undiscounted cash flows		3,113,227
Less: present value discount		<u>(415,742)</u>
Total present value of operating lease liability	\$	<u>2,697,485</u>

Note 8 – Pension and Other Post-Retirement Benefit Plans

Defined benefit pension plan – The Pension Plan of United Way of the Bay Area (the “Plan”) is a single-employer defined benefit pension plan with UWBA as plan sponsor.

The Plan was amended to freeze participation and benefit accruals under the Plan effective December 31, 2006. Accordingly, no employees will become participants after the December 1, 2006, entry date, and participants' Plan benefits will not increase after December 31, 2006. In no event will the accrued benefit of any participant be less than that calculated as of December 31, 2006.

Accrued pension costs consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Defined benefit pension plan liabilities	\$ 1,338,481	\$ 2,377,727
Defined early retirement medical and long-term care benefit plans	<u>30,500</u>	<u>30,500</u>
Total accrued pension costs	<u>\$ 1,368,981</u>	<u>\$ 2,408,227</u>

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The following information sets forth the Plan's projected benefit obligation, fair value of plan assets, unfunded status, and accumulated benefit obligation as of June 30:

	2023	2022
Projected benefit obligation		
Beginning of year	\$ 13,592,601	\$ 17,718,463
Service cost	60,284	55,674
Interest costs	587,696	422,671
Actuarial loss	(765,346)	(2,659,748)
Benefits paid	(46,409)	(1,699,614)
Administrative expenses paid	(501,291)	(244,845)
End of year	\$ 12,927,535	\$ 13,592,601
Fair value of plan assets		
Beginning of year	\$ 11,214,874	\$ 15,021,230
Actual return (loss) on plan assets	1,185,935	(2,211,871)
Employer contributions	-	349,974
Benefits paid	(765,346)	(1,699,614)
Administrative expenses paid	(46,409)	(244,845)
End of year	\$ 11,589,054	\$ 11,214,874
Funded status of the Plan at year end (underfunded)	\$ (1,338,481)	\$ (2,377,727)

Amounts recognized for the defined benefit pension plan only in the accompanying statements of financial position were as follows as of June 30:

	2023	2022
Prepaid benefit cost	\$ 2,873,037	\$ 2,988,410
Additional accrued pension liability for pension plans with a benefit obligation in excess of plan assets	(4,211,518)	(5,366,137)
Defined benefit pension liabilities	\$ (1,338,481)	\$ (2,377,727)
Net asset without donor restrictions, pension liability in excess of intangible pension assets	\$ 4,211,518	\$ 5,366,137

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Amounts reflected in the accompanying statements of activities and changes in net assets were as follows for the years ended June 30:

	2023	2022
Service cost	\$ 60,284	\$ 55,674
Interest cost	587,696	422,671
Expected return on assets	(749,093)	(1,016,899)
Amortization loss	216,471	186,938
Net periodic pension cost (benefit)	\$ 115,358	\$ (351,616)

The projected unit credit cost method was utilized for measuring net periodic pension cost over the employee's estimated service life. The following table summarizes the assumptions used in computing the present value of projected benefit obligations and net periodic cost as of June 30:

	2023	2022
Assumptions used in computing benefit obligation:		
Discount rate	4.85%	4.35%
Rate of compensation increase	N/A	N/A
Assumptions used in computing the net periodic pension costs:		
Discount rate	4.35%	2.45%
Expected return on assets	7.00%	7.00%
Rate of compensation increase	N/A	N/A

The investment objective for the Plan is to maximize total return within reasonable and prudent levels of risk. The Plan's weighted-average asset allocations were as follows as of June 30:

	2023	2022
Asset category		
Common and collective trusts		
Equity	60.1%	59.4%
Debt	36.9%	37.5%
Cash and cash equivalents	3.0%	3.1%
Total	100.0%	100.0%

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The fair values of UWBA's defined benefit plan assets at June 30, 2023, by asset category were as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash and cash equivalents	\$ 349,165	\$ -	\$ 349,165
Large cap equities fund	-	3,707,370	3,707,370
Small cap equities fund	-	556,425	556,425
Mid cap fund	-	986,361	986,361
International equities fund	-	1,713,709	1,713,709
Fixed income securities	-	4,276,023	4,276,023
Total	\$ 349,165	\$ 11,239,889	\$ 11,589,054

The fair values of UWBA's defined benefit plan assets at June 30, 2022, by asset category were as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash and cash equivalents	\$ 347,661	\$ -	\$ 347,661
Large cap equities fund	-	3,555,115	3,555,115
Small cap equities fund	-	527,099	527,099
Mid cap fund	-	919,620	919,620
International equities fund	-	1,659,802	1,659,802
Fixed income securities	-	4,205,577	4,205,577
Total	\$ 347,661	\$ 10,867,213	\$ 11,214,874

The estimated minimum benefit payments that reflect expected future service, as appropriate, to be paid by UWBA are as follows:

<u>Year Ending June 30,</u>	
2024	\$ 916,491
2025	926,140
2026	960,383
2027	948,994
2028	952,199
2029-2033	<u>4,764,757</u>
	<u>\$ 9,468,964</u>

UWBA contributed \$0 and \$349,974 to the Plan during the years ended June 30, 2023 and 2022, respectively.

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Defined contribution pension plan – UWBA established the UWBA defined contribution pension plan (“401(k) Plan”) on January 1, 2007. Employees that are eligible can participate in the 401(k) Plan on the first day of the calendar quarter following their date of hire. UWBA matches 100% of participants’ salary deferral contribution, up to a maximum of 2% of compensation. In addition, UWBA makes an employer “nonelective” contribution according to a formula that is based on a participant’s age plus service. For employees hired before January 1, 2010, matching and employer nonelective contributions will be 100% vested after two years of service (or age 65, if earlier). Effective January 1, 2014, employees hired after January 1, 2010, will be 25% vested after one year of service, 50% after two years of service, 75% vested after three years of service, and 100% vested after four years of service. UWBA contributed \$365,350 and \$319,490 to the 401(k) Plan for the years ended June 30, 2023 and 2022, respectively.

Defined benefit medical plan – UWBA had a defined benefit early retirement medical benefits plan that covered certain full-time employees who retired as of June 30, 1993. UWBA does not contribute to this plan except to reimburse certain medical and other costs submitted by the Plan’s retirees as defined within the agreement. The estimated cost of future medical and other payments as of June 30, 2023 and 2022, is \$30,500 and is included in accrued pension costs.

457(b) deferred compensation plan – In the fiscal year ended June 30, 2014, UWBA established an eligible deferred compensation plan (“457(b) Plan”) for a select group of highly compensated employees under Section 457(b) of the IRC. The plan allows pre-tax contributions of the maximum amount allowed by law per year through payroll deduction. As of June 30, 2023 and 2022, only one participant remained in the 457(b) Plan. The investments in this 457(b) Plan remain as assets of the Organization until the employees retire. The balance in the 457(b) Plan as of June 30, 2023 and 2022, was \$16 and is included in accrued pension costs.

Note 9 – Net Assets Without Donor Restrictions (Board-Designated)

A portion of net assets without donor restrictions have been designated by the Board for the following purposes:

	2023	2022
Future grants and programs	\$ -	\$ 647,539
General use	6,722,969	2,045,233
	\$ 6,722,969	\$ 2,692,772

Future grants and programs – consists of a legacy quasi-endowment fund from the former United Way of Silicon Valley that is earmarked to fund the Emergency Assistance Network program in Santa Clara County until such time as the corpus and accumulated investment earnings are depleted. The fund was depleted as of June 30, 2023.

General use – consists of accumulated unrestricted bequests held as a board-designated quasi-endowment. The investment policy and spending policy for this fund mirrors that of the donor-restricted permanent endowment fund, and appropriated earnings are earmarked for support of the general operating expenses of the Organization.

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Note 10 – Net Assets with Donor Restrictions

Net assets with donor restrictions were available for the following purposes as of June 30:

	2023	2022
UWBA community programs	\$ 4,136,555	\$ 2,046,168
Endowments - corpus	3,897,164	3,897,164
Endowment activity	2,014,407	2,383,368
Total	\$ 10,048,126	\$ 8,326,700

UWBA community programs – represents net assets for which the donor has established a specific time or purpose restriction. Upon the passage of appropriate time and/or the fulfillment by the Organization of the defined purpose, the restrictions are released, and the assets are reclassified as being without donor restrictions.

Endowments – corpus represents the original amount of time restricted in perpetuity contributions to the Organization. Per the donor(s) restriction, these funds are to be prudently invested in perpetuity with only the accumulated earnings available for appropriation by the Board for operations and mission-related purposes (see Note 11).

Endowment activity – represents the accumulated, but unappropriated earnings on the Endowments – Corpus (see Note 11).

Note 11 – Endowment

Interpretation of relevant law – The Board has interpreted the California-enacted version of the Uniform Prudent Management of Institutional Funds Act (“CUPMIFA”) as allowing UWBA to appropriate for expenditure or accumulate so much of an endowment fund as UWBA determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until appropriated for expenditure by the Board. In accordance with CUPMIFA, the Board considers the following factors in making a determination to appropriate or accumulate endowment funds:

- i. the duration and preservation of the fund.
- ii. the purposes of UWBA and the endowment fund.
- iii. general economic conditions.
- iv. the possible effect of inflation and deflation.
- v. the expected total return from income and the appreciation of investments.

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- vi. other resources of UWBA.
- vii. the investment policies of UWBA.

Spending policy and how the investment objectives relate to spending policy – The endowment fund has a spending policy of appropriating 4% of the 12-quarter trailing rolling average balance of these funds for distribution according to the instructions of the donor at the time the gift is made. The original value of the gifts donated to the endowment held in perpetuity is to be classified as with donor restrictions, and any earnings are also classified as with donor restrictions until appropriated for expenditure.

Funds with deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or CUPMIFA requires UWBA to retain as a fund of perpetual duration. As of June 30, 2023 and 2022, there were no funds with deficiencies.

The composition and changes in the endowment net assets as of June 30, 2023 and 2022, were as follows:

	Without Donor Restrictions	With Donor Restrictions	Endowment Net Assets
Endowment net assets, June 30, 2021	\$ -	\$ 6,524,436	\$ 6,524,436
Investment income	-	85,177	85,177
Net depreciation	-	(329,081)	(329,081)
Amounts appropriated for expenditure	-	-	-
Endowment net assets, June 30, 2022	-	6,280,532	6,280,532
Investment income	-	231,375	231,375
Net appreciation	-	283,615	283,615
Amounts appropriated for expenditure	-	(883,951)	(883,951)
Endowment net assets, June 30, 2023	\$ -	\$ 5,911,571	\$ 5,911,571

Note 12 – Related-Party Transactions

UWBA's volunteer members of the Board participate in fundraising events, activities, and by making private contributions. UWBA may also have Board members that have other direct transactions with the Organization. All related parties of UWBA are annually required to read and sign a conflict-of-interest policy that covers any relationship with Board members, volunteers, and staff.

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Notes to Financial Statements

Note 13 – Liquidity and Availability of Financial Assets

UWBA's financial assets available within one year of the statement of financial position date for general expenditure were as follows at June 30:

	2023	2022
<u>Financial assets available within one year:</u>		
Cash and cash equivalents	\$ 1,728,858	\$ 2,115,523
Investments	21,825,040	30,618,349
UWW note receivable collectible within one year	40,000	40,000
Pledges receivable collectible within one year	3,331,416	3,554,721
Grants & contracts receivable collectible within one year	3,281,173	2,093,191
	<u>30,206,487</u>	<u>38,421,784</u>
<u>Less those unavailable for general expenditure:</u>		
Designated pledges payable (agency transactions)	(1,731,141)	(3,031,504)
Restricted by donors with purpose restrictions	(4,136,555)	(2,046,168)
Restricted by donors in perpetuity	(5,911,571)	(6,280,532)
Collateralized investments pledged on outstanding debt	(333,275)	(3,218,583)
	<u>18,093,945</u>	<u>23,844,997</u>
<u>Amounts unavailable to management without Board approval:</u>		
Board-designated for quasi-endowment	(6,722,969)	(2,692,772)
Pension liability in excess of intangible pension assets	(4,211,518)	(5,366,137)
	<u>(6,722,969)</u>	<u>(5,366,137)</u>
<u>Total financial assets available to management for general expenditure within one year</u>	<u>\$ 7,159,458</u>	<u>\$ 15,786,088</u>

Liquidity management – UWBA maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, UWBA invests cash in excess of weekly requirements in short-term investments.

To help manage unanticipated liquidity needs, UWBA has a committed line of credit of \$4,900,000, which it could draw upon (see Note 14). Additionally, UWBA has Board-designated net assets without donor restrictions that—while UWBA does not intend to spend these for purposes other than those identified—could be made available for current operations, if necessary.

Note 14 – Line of Credit

UWBA maintains a line of credit with a financial institution. The terms of this agreement call for the pledging of securities and other investments maintained in the financial institution for any and all obligations taken on by UWBA under this agreement. The agreement provides for a total credit limit of up to \$4,900,000 based on the fair value of the pledged collateral. There are no covenants held between UWBA and the lender in association with the line of credit.

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The availability of the total amount available to borrow at any given time is based on the fair value of the collateral, which may be more or less than the amount needed to permit borrowing the entire \$4,900,000. The amount remaining to borrow at any given time is the total amount of the approved borrowing limit minus the outstanding loan balances and letters of credit, subject to the current value of the collateral. Interest is charged at a rate determined by the lender on a periodic basis.

As of and for the year ended June 30, 2023, there was \$3,102 in outstanding debt on the line of credit and interest expense of \$98,784. As of and for the year ended June 30, 2022 there was \$2,022,818 in outstanding debt on the line of credit and interest expense of \$40,529. The line of credit is due on demand. UWBA issued a letter of credit in January 2021 for \$230,190 to its landlord. This letter of credit replaced the letter of credit issued in January 2016 for the same amount.

Note 15 – Advertising

UWBA uses advertising to promote its programs among the constituents it serves. The production costs of advertising are expensed the first time the advertising takes place. Advertising expenses were \$1,088,089 and \$459,005 for the years ended June 30, 2023 and 2022, respectively.

Note 16 – Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date, but before the financial statements are issued. UWBA recognizes in the financial statements the effects of all significant subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements.

Effective September 21, 2023, UWBA amended the Pension Plan of the United Way of the Bay Area to allow for the lump sum payout of accrued benefits and termination of the Plan in accordance with the Pension Benefit Guaranty Corporation (PBGC) and the United States Department of Labor. In December 2023, UWBA injected \$2.7 million into the Plan and extinguished the Plan's liabilities through the payment of lump sum benefits or purchase of an annuity for each Plan participant. Final benefit payments were made from the Plan Trust on January 1, 2024 and Form 501 "Post Distribution Certification" was filed with and accepted by the PBGC in February 2024.

UWBA has evaluated subsequent events through April 8, 2024, the date the financial statements were available to be issued.

