

**UNITED WAY OF  
SAN JOAQUIN COUNTY  
(A Nonprofit Corporation)**

***FINANCIAL REPORT***

**June 30, 2023 and 2022**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
United Way of San Joaquin County  
Stockton, California

### Opinion

We have audited the accompanying financial statements of the United Way of San Joaquin County, which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the year 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 United Way of San Joaquin County as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the year 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 United Way of San Joaquin County 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.

### Emphasis of Matter

As discussed in Note 1 to the financial statements, Financial Accounting Standards Board (FASB), issued Topic Accounting Standards Codification (ASC) 842 Leases to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements.

### Responsibilities of Management for the Financial Statements

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

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



## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

*Grant Bennett Associates*

GRANT BENNETT ASSOCIATES  
A PROFESSIONAL CORPORATION  
Certified Public Accountants

Rancho Cordova, California  
October 25, 2023

**UNITED WAY OF SAN JOAQUIN COUNTY**  
**(A Nonprofit Corporation)**

**STATEMENTS OF FINANCIAL POSITION**

June 30, 2023 and 2022

	2023	2022
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,892,794	\$ 1,784,485
Cash held for others - fiscal sponsor funds	611,796	177,853
Accounts receivable	127,362	40,356
Pledges receivable, net of allowance	346,862	356,342
Short-term investments	113,586	107,942
Prepaid expenses	5,564	8,735
Total current assets	3,097,964	2,475,713
<b>PROPERTY AND EQUIPMENT, at cost</b>		
Less accumulated depreciation	74,457	68,714
	(40,162)	(31,783)
	34,295	36,931
<b>OTHER ASSETS</b>		
Right-of-use assets - operating, net	499,299	--
Right-of-use assets - financing, net	28,892	--
Deposit	8,530	8,530
Total assets	\$ 3,668,980	\$ 2,521,174
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 43,391	\$ 13,073
Accounts payable - related party	13,318	5,916
Accrued liabilities	72,642	55,510
Fiscal sponsor liability	610,928	177,853
Deferred revenue	26,599	23,129
Designations payable	534,149	482,921
Lease liabilities -operating, current portion	57,950	--
Lease liabilities -financing, current portion	8,231	--
Total current liabilities	1,367,208	758,402

**UNITED WAY OF SAN JOAQUIN COUNTY**  
**(A Nonprofit Corporation)**

**STATEMENTS OF FINANCIAL POSITION (Cont.)**

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>LONG-TERM LIABILITIES</b>		
Lease liabilities -operating, less current portion	458,259	--
Lease liabilities -financing, less current portion	<u>20,923</u>	<u>--</u>
Total long-tern liabilities	<u>479,182</u>	<u>--</u>
<b>NET ASSETS</b>		
Without donor restrictions	1,616,104	1,551,930
Without donor restrictions - Board designated	113,586	107,942
With donor restrictions	<u>92,900</u>	<u>102,900</u>
Total net assets	<u>1,822,590</u>	<u>1,762,772</u>
 Total liabilities and net assets	 <u>\$ 3,668,980</u>	 <u>\$ 2,521,174</u>

**UNITED WAY OF SAN JOAQUIN COUNTY**  
**(A Nonprofit Corporation)**

**STATEMENT OF ACTIVITIES**

Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>			
<b>PUBLIC SUPPORT</b>			
<b>CAMPAIGN RESULTS</b>			
Employee	\$ 1,048,231	\$ --	\$ 1,048,231
Alexis de Tocqueville Society	260,000	--	260,000
Gross campaign revenue	1,308,231	--	1,308,231
Donor designations	(647,188)	--	(647,188)
Provision for uncollectible pledges	(81,111)	--	(81,111)
Net campaign revenue	579,932	--	579,932
<b>OTHER SUPPORT</b>			
Special events, net of expenses of \$64,917	78,628	--	78,628
<b>TOTAL PUBLIC SUPPORT</b>	658,560	--	658,560
<b>OTHER REVENUE</b>			
Grant income	--	533,858	533,858
Administrative fees	207,733	--	207,733
Service fees	39,889	--	39,889
Miscellaneous revenue	23,563	--	23,563
Interest and dividend income	32,078	--	32,078
Net assets released from restriction	543,858	(543,858)	--
Total other revenue	847,121	(10,000)	837,121
Total contributed revenue and other support	\$ 1,505,681	\$ (10,000)	\$ 1,495,681

**UNITED WAY OF SAN JOAQUIN COUNTY**  
**(A Nonprofit Corporation)**

**STATEMENT OF ACTIVITIES (Cont.)**

Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>EXPENSES</b>			
<b>Program Services</b>			
Allocation and designations			
Allocation and designations	\$ 974,355	\$ --	\$ 974,355
Less donor designations	<u>(647,188)</u>	<u>--</u>	<u>(647,188)</u>
Net allocations and designations	327,167	--	327,167
Resource distribution	<u>184,173</u>	<u>--</u>	<u>184,173</u>
Total program services	<u>511,340</u>	<u>--</u>	<u>511,340</u>
<b>Supporting services</b>			
Resource development	637,380	--	637,380
Operating	269,118	--	269,118
United Way Worldwide dues	<u>23,669</u>	<u>--</u>	<u>23,669</u>
Total supporting services	<u>930,167</u>	<u>--</u>	<u>930,167</u>
Total expenses	<u>1,441,507</u>	<u>--</u>	<u>1,441,507</u>
<b>Change in net assets from operations</b>	<u>64,174</u>	<u>(10,000)</u>	<u>54,174</u>
<b>Nonoperating activities</b>			
Unrealized and realized investment gains, net	<u>5,644</u>	<u>--</u>	<u>5,644</u>
<b>Change in net assets</b>	<u>69,818</u>	<u>(10,000)</u>	<u>59,818</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>1,659,872</u>	<u>102,900</u>	<u>1,762,772</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,729,690</u>	<u>\$ 92,900</u>	<u>\$ 1,822,590</u>

**UNITED WAY OF SAN JOAQUIN COUNTY**  
**(A Nonprofit Corporation)**

**STATEMENT OF ACTIVITIES**

Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
<b>PUBLIC SUPPORT</b>			
<b>CAMPAIGN RESULTS</b>			
Employee	\$ 1,011,764	\$ --	\$ 1,011,764
Alexis de Tocqueville Society	301,400	--	301,400
Corporate contributions	44,705	--	44,705
Gross campaign revenue	<u>1,357,869</u>	<u>--</u>	<u>1,357,869</u>
Donor designations	(656,713)	--	(656,713)
Provision for uncollectible pledges	(74,487)	--	(74,487)
Net campaign revenue	<u>626,669</u>	<u>--</u>	<u>626,669</u>
 <b>OTHER SUPPORT</b>			
Special events, net of expenses of \$71,764	50,565	--	50,565
Contributed nonfinancial assets	6,200	--	6,200
Contributions	<u>--</u>	<u>--</u>	<u>--</u>
Total other support	<u>56,765</u>	<u>--</u>	<u>56,765</u>
 <b>TOTAL PUBLIC SUPPORT</b>	 <u>683,434</u>	 <u>--</u>	 <u>683,434</u>
 <b>OTHER REVENUE</b>			
Grant income	410	180,100	180,510
Administrative fees	250,350	--	250,350
Service fees	45,763	--	45,763
Interest income	569	--	569
Net assets released from restriction	<u>210,464</u>	<u>(210,464)</u>	<u>--</u>
Total other revenue	<u>507,556</u>	<u>(30,364)</u>	<u>477,192</u>
 Total contributed revenue and other support	 <u>\$ 1,190,990</u>	 <u>\$ (30,364)</u>	 <u>\$ 1,160,626</u>

**UNITED WAY OF SAN JOAQUIN COUNTY**  
**(A Nonprofit Corporation)**

**STATEMENT OF ACTIVITIES (Cont.)**

Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>EXPENSES</b>			
<b>Program Services</b>			
Allocation and designations			
Allocation and designations	\$ 843,950	\$ --	\$ 843,950
Less donor designations	<u>(656,713)</u>	<u>--</u>	<u>(656,713)</u>
Net allocations and designations	187,237	--	187,237
Resource distribution	<u>141,408</u>	<u>--</u>	<u>141,408</u>
Total program services	<u>328,645</u>	<u>--</u>	<u>328,645</u>
<b>Supporting services</b>			
Resource development	609,236	--	609,236
Operating	297,952	--	297,952
United Way Worldwide dues	<u>13,685</u>	<u>--</u>	<u>13,685</u>
Total supporting services	<u>920,873</u>	<u>--</u>	<u>920,873</u>
Total expenses	<u>1,249,518</u>	<u>--</u>	<u>1,249,518</u>
<b>Change in net assets from operations</b>	<u>(58,528)</u>	<u>(30,364)</u>	<u>(88,892)</u>
<b>Nonoperating activities</b>			
Unrealized and realized investment gains (losses), net	<u>(10,991)</u>	<u>--</u>	<u>(10,991)</u>
<b>Change in net assets</b>	<u>(69,519)</u>	<u>(30,364)</u>	<u>(99,883)</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>1,729,391</u>	<u>133,264</u>	<u>1,862,655</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,659,872</u>	<u>\$ 102,900</u>	<u>\$ 1,762,772</u>

**UNITED WAY OF SAN JOAQUIN COUNTY**  
**(A Nonprofit Corporation)**

**STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended June 30, 2023

	Program services			Supporting Services				Total
	Allocation and designation	Resource distribution	Total program services	Resource development	Operating	United Way Worldwide dues	Total supporting services	
Salaries	\$ --	\$ 97,738	\$ 97,738	\$ 333,459	\$ 143,733	\$ --	\$ 477,192	\$ 574,930
Employee benefits	--	10,687	10,687	36,461	15,716	--	52,177	62,864
Payroll taxes	--	5,834	5,834	19,904	8,580	--	28,484	34,318
Other employee expenses	--	1,743	1,743	5,944	2,562	--	8,506	10,249
Total salaries and fringe	--	116,002	116,002	395,768	170,591	--	566,359	682,361
Allocation and designation	327,167	--	327,167	--	--	--	--	327,167
Occupancy	--	18,322	18,322	62,507	26,943	--	89,450	107,772
Professional fees	--	15,149	15,149	51,685	22,278	--	73,963	89,112
Supplies	--	10,144	10,144	34,597	14,913	--	49,510	59,654
Equipment rental	--	5,276	5,276	18,000	7,759	--	25,759	31,035
Travel	--	3,851	3,851	13,139	5,663	--	18,802	22,653
Membership dues	--	3,351	3,351	11,435	4,929	--	16,364	19,715
Advertising	--	--	--	13,035	--	--	13,035	13,035
Sponsorship fees	--	2,142	2,142	7,308	3,150	--	10,458	12,600
Training	--	1,668	1,668	5,693	2,454	--	8,147	9,815
Insurance	--	1,586	1,586	5,411	2,332	--	7,743	9,329
Telephone	--	1,418	1,418	4,838	2,086	--	6,924	8,342
Community events	--	1,401	1,401	4,782	2,061	--	6,843	8,244
Bank fees	--	1,306	1,306	2,555	1,102	--	3,657	4,963
Postage	--	518	518	1,767	762	--	2,529	3,047
Miscellaneous	--	615	615	--	--	--	--	615
United Way Worldwide dues	--	--	--	--	--	23,669	23,669	23,669
Total expenses before depreciation	327,167	182,749	509,916	632,520	267,023	23,669	923,212	1,433,128
Depreciation	--	1,424	1,424	4,860	2,095	--	6,955	8,379
Total expenses	\$ 327,167	\$ 184,173	\$ 511,340	\$ 637,380	\$ 269,118	\$ 23,669	\$ 930,167	\$ 1,441,507

See Notes to Financial Statements.

**UNITED WAY OF SAN JOAQUIN COUNTY**  
**(A Nonprofit Corporation)**

**STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended June 30, 2022

	Program services			Supporting Services				Total
	Allocation and designation	Resource distribution	Total program services	Resource development	Operating	United Way Worldwide dues	Total supporting services	
Salaries	\$ --	\$ 83,947	\$ 83,947	\$ 325,375	\$ 140,248	\$ --	\$ 465,623	\$ 549,570
Employee benefits	--	13,415	13,415	45,771	19,729	--	65,500	78,915
Payroll taxes	--	8,276	8,276	28,235	12,170	--	40,405	48,681
Other employee expenses	--	8,800	8,800	708	633	--	1,341	10,141
Total salaries and fringe	--	114,438	114,438	400,089	172,780	--	572,869	687,307
Allocation and designation	187,237	--	187,237	--	--	--	--	187,237
Professional fees	--	--	--	--	82,043	--	82,043	82,043
Supplies	--	3,986	3,986	59,817	5,864	--	65,681	69,667
Occupancy	--	9,451	9,451	32,243	13,898	--	46,141	55,592
Advertising	--	--	--	36,918	--	--	36,918	36,918
Equipment rental	--	6,243	6,243	21,302	9,182	--	30,484	36,727
Membership dues	--	--	--	17,060	--	--	17,060	17,060
Sponsorship fees	--	--	--	13,295	--	--	13,295	13,295
Travel	--	1,841	1,841	6,284	2,709	--	8,993	10,834
Insurance	--	1,704	1,704	5,816	2,507	--	8,323	10,027
Telephone	--	1,247	1,247	4,257	1,835	--	6,092	7,339
Contributed nonfinancial assets	--	1,054	1,054	3,596	1,550	--	5,146	6,200
Community events	--	--	--	3,625	--	--	3,625	3,625
Bank fees	--	--	--	--	3,457	--	3,457	3,457
Postage	--	547	547	1,868	805	--	2,673	3,220
Training	--	113	113	389	168	--	557	670
United Way Worldwide dues	--	--	--	--	--	13,685	13,685	13,685
Total expenses before depreciation	187,237	140,624	327,861	606,559	296,798	13,685	917,042	1,244,903
Depreciation	--	784	784	2,677	1,154	--	3,831	4,615
Total expenses	\$ <u>187,237</u>	\$ <u>141,408</u>	\$ <u>328,645</u>	\$ <u>609,236</u>	\$ <u>297,952</u>	\$ <u>13,685</u>	\$ <u>920,873</u>	\$ <u>1,249,518</u>

See Notes to Financial Statements.

**UNITED WAY OF SAN JOAQUIN COUNTY**  
**(A Nonprofit Corporation)**

**STATEMENTS OF CASH FLOWS**

For the Years Ended June 30, 2023 and 2022

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 59,818	\$ (99,883)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	8,379	4,615
Amortization of operating and financing of right-of-use assets	80,064	--
Unrealized and realized (gains) losses on investments, net	(3,150)	11,264
Changes in assets and liabilities:		
(Increase) decrease in:		
Cash held for others - fiscal sponsor funds	(433,943)	36,923
Accounts receivable	(87,006)	(37,556)
Pledges receivable	9,480	30,671
Prepaid expenses	3,171	(8,735)
Deposits	--	(5,280)
(Decrease) increase in:		
Accounts payable	30,318	(9,613)
Accounts payable - related party	7,402	(16,960)
Accrued liabilities	17,132	702
Fiscal sponsor liability	433,075	(20,855)
Designations payable	51,228	32,410
Deferred revenue	3,470	6,530
Lease liabilities - operating	(54,899)	--
Net cash provided by (used in) operating activities	124,539	(75,767)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Purchase) redemption of certificate of deposit	--	100,000
Purchases of investments	(2,494)	--
Principal payments on right-of-use asset - financing lease	(7,993)	--
Purchase of property and equipment	(5,743)	(33,526)
Net cash provided by (used in) investing activities	(16,230)	66,474
Net increase (decrease) in cash and cash equivalents	108,309	(9,293)
Cash and cash equivalents, beginning of year	1,784,485	1,793,778
Cash and cash equivalents, end of year	\$ 1,892,794	\$ 1,784,485
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES</b>		
Right-of-use assets acquired with lease liabilities - finance	\$ 37,147	\$ --

See Notes to Financial Statements.

**UNITED WAY OF SAN JOAQUIN COUNTY**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**Note 1. Nature of Organization and Significant Accounting Policies**

The United Way of San Joaquin County (the Organization), is a California non-profit corporation, founded in 1926 and governed by a volunteer Board of Directors. The Organization's main purpose includes assessing on a continual basis, the community's need for human services, developing financial resources to meet human service needs of the community, maximizing resources available to agencies for services aimed at the most urgent current needs of the community, developing community support for the entire Organization through a systematic communications program which both speaks and listens to the community, managing the Organization's operations effectively, and offering assistance to agencies wishing to improve their management skills, and financially managing and disbursing resources in accordance with directions and intent of donors, or, in the absence of directions, as the Organization may deem best for the promotion of any or all of the foregoing purposes.

The mission of United Way of San Joaquin County is to improve the lives of people by mobilizing the caring power of communities.

United Way of San Joaquin County envisions a community where the generosity of individuals and business is coupled with the services provided by community organizations to improve people's lives.

A summary of significant accounting policies applied in the preparation of the accompanying financial statements follows:

**Basis of accounting:**

The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United State 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 Standard Codification for not-for-profit organizations.

**Basis of presentation:**

The Organization is required to report information regarding their financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*Net assets without donor restrictions:*

Net assets without donor restrictions are those net assets presently available for use by the Organization at the discretion of management and the Board of Directors.

**UNITED WAY OF SAN JOAQUIN COUNTY**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**Note 1. Nature of Organization and Significant Accounting Policies (Cont.)**

*Net assets with donor restrictions:*

Donor restricted net assets are subject to stipulations imposed by donors and grantors that can be fulfilled by actions of the Organization or that expire by the passage of time.

New accounting pronouncements:

At January 1, 2022, the Organization implemented Accounting Standards Codification (ASC) 842 Leases (Topic 842), which among other things, requires the recognition of right-of-use lease assets and lease liabilities on the balance sheet of lessees for operating leases, along with the disclosure of key information about leasing arrangements. A lessee is required to record lease assets and lease liabilities for all leases with a term of greater than 12 months. Leases with a term of 12 months or less will be accounted for in a manner similar to existing guidance for operating leases today. Topic 842 is expected to impact the financial statements as the Organization has certain operating leases for which it is the lessee. The Organization elected to apply Topic 842 prospectively. Results for periods beginning prior to July 1, 2022 continue to be reported on the Organization's historical accounting treatment.

During the year ended June 30, 2022, the Organization adopted the provisions of the Financial Accounting Standards Board Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958) – *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The ASU includes disclosure of information on an organization's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions and valuation techniques. The Organization has applied the ASU retrospectively to all periods presented. The ASU did not have a material impact on the financial statements.

Cash and cash equivalents:

For the purposes of the statements of cash flow, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Organization does not consider cash held for others to be cash and cash equivalents.

Cash held for others – fiscal sponsor funds Concrete Development (CD), Health Force Partners (HF), The Eleanor Project (TEP), United Veterans Council (VC), and Call to Move (CTM). United Way of San Joaquin County has contracted with HF, TEP, VC, and CTM to provide fiscal management of community contributions to the Organizations from both the public and private sector.

**UNITED WAY OF SAN JOAQUIN COUNTY**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**Note 1. Nature of Organization and Significant Accounting Policies (Cont.)**

Concentrations of credit risk:

At June 30, 2023 and 2022, the Organization had amounts deposited in financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) insured limits in certain financial institutions. Cash deposits in excess of the FDIC insured amounts (\$250,000) in separate named accounts within one institution may represent a credit risk.

United Way of San Joaquin County is dependent upon contributions from corporate and individual donors to support its program services. The level of such contributions can be affected by economic conditions. In addition, the choice on the part of some donors to designate their gifts to specific agencies can result in reduced funding available for distributions and allocations. A decrease in undesignated contributions could adversely affect the Organization's ability to provide services and to allocate funds to its designated agencies.

Accounts receivable:

The Organization's accounts receivables are mainly from administrative fees and grant agreements. The amounts due represent services performed under written contractual agreements. Management has assessed the collectability of these accounts receivable and deems them fully collectible as of June 30, 2023 and 2022.

Campaign pledges:

An annual fundraising campaign is conducted each fall to obtain donations and pledges to fund the subsequent year's operations. Accordingly, a receivable is recorded at year-end for outstanding campaign pledges with an allowance for amounts estimated to be uncollectible. Substantially all of the pledges receivable at June 30, 2023 and 2022 are from corporations and individuals.

Donor designated pledges are accounted for as a liability until dispensed to the designated agency. Those amounts are not accounted for as revenue by United Way of San Joaquin County but are reported as part of campaign revenue from which the amounts are then deducted to arrive at total contributions.

Investments:

As required by the Accounting for Certain Investments Held by Not-for-Profit Organizations topic of the FASB Accounting Standards Codification, the Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair market value in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Realized gain 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 donation, and are generally sold as soon as practical after receipt.

**UNITED WAY OF SAN JOAQUIN COUNTY**  
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**NOTES TO FINANCIAL STATEMENTS**

**Note 1. Nature of Organization and Significant Accounting Policies (Cont.)**

Fair value of financial instruments:

The carrying amounts of financial instruments, including cash and cash equivalents, prepaid expenses, accounts receivable, pledges receivable, accounts payable, designations payable, allocation payable, accrued liabilities and deferred revenue approximate fair value because of the short maturity of those financial instruments.

Property and equipment:

Property and equipment is shown at either the cost at the date of purchase or the estimated market values at the date of gift. It is the Organization's policy to capitalize computers in excess of \$1,000 and all other expenditures in excess of \$2,500. Depreciation is determined using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building improvements	9
Equipment	5-7

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the property may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying value amount exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. At June 30, 2023 and 2022, there were no impairment losses recognized.

Right-of-use assets and lease liabilities

The Organization has implemented new guidance issued by the Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) 842 Leases. The Organization recognizes a lease asset, called a right-of-use assets, and a lease liability for all leases with a term longer than one year. Leases are classified as either financing or operating leases in the consolidated balance sheet. The Organization elected to apply ASC 842 prospectively. Results for periods beginning prior to July 1, 2022 continue to be reported on the Organization's historical accounting treatment.

The Organization recognizes a right-of-use asset at cost, which comprises the initial amount of the lease liability plus any initial payments and initial direct costs. The right-of-use asset is amortized using the straight-line method over the earlier of the useful life of the right-of-use asset or the end of the lease term. The right-of-use asset is evaluated periodically for impairment losses.

**UNITED WAY OF SAN JOAQUIN COUNTY**  
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**NOTES TO FINANCIAL STATEMENTS**

**Note 1. Nature of Organization and Significant Accounting Policies (Cont.)**

Right-of-use assets and lease liabilities (Cont.)

The Organization recognizes a lease liability measured at the present value of the scheduled lease payments at the commencement date and reduced using a risk-free discount rate comparable with that of the lease term.

The Organization has elected not to recognize right-of-use assets and lease liabilities for short-term leases with a lease term of 12 months or less and leases of low-value assets. These lease payments are recognized as an expense over the lease term.

Revenue recognition:

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions. Annual campaign contributions are generally available for unrestricted use in the related campaign year unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or 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 satisfaction of restrictions on net assets with donor restrictions.

Donated goods and services:

Donated materials and equipment are reflected as contributions in the financial statements at their estimated fair value at date of receipt. The Organization will recognize 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 the Organization 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 since no objective basis is available to measure the value of such services.

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 on the basis of cost allocations using estimates made by the Organization's management. The expenses that are allocated include salaries and employee related expenses, supplies, occupancy, equipment rental, contributed nonfinancial assets, travel, insurance, telephone, postage and training. This is consistent with the standards for allocation of functional expenses in accordance with GAAP and United Way Worldwide.

**UNITED WAY OF SAN JOAQUIN COUNTY**  
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**NOTES TO FINANCIAL STATEMENTS**

**Note 1. Nature of Organization and Significant Accounting Policies (Cont.)**

Advertising:

The Organization uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. Advertising expenses for the years ended June 30, 2023 and 2022 were \$13,035 and \$36,918, respectively.

Income taxes:

The Organization is exempt from federal income taxes under IRC Sec. 501(c)(3) and state income tax under Section 23701(d) of the California Revenue and Taxation Code. The Organization is classified by the Internal Revenue Service as an other-than-private foundation. Accordingly, no provision for federal or state income taxes is made in the accompanying financial statements. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, are subject to examination by the IRS, generally for three to four years after they were filed.

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events:

Management has evaluated subsequent events through October 25, 2023, the date on which the financial statements were available to be issued. No events were found to require additional disclosure.

**UNITED WAY OF SAN JOAQUIN COUNTY**  
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**NOTES TO FINANCIAL STATEMENTS**

**Note 2. Availability and Liquidity**

The Organization's financial assets available for general expenditures, that is without donor or other restrictions limiting their use, within one year of the statement of financial position date are as follows at June 30:

Financial assets at year end:	2023	2022
Cash and cash equivalents	\$ 1,892,794	\$ 1,784,485
Accounts receivable	127,362	40,356
Pledges receivable	346,862	356,342
Short-term investments	113,586	107,942
Total financial assets	2,480,604	2,289,125
Net assets with donor restrictions	(92,900)	(102,900)
Total financial assets available to meet general expenditures within one year	\$ 2,387,704	\$ 2,186,225

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments.

**Note 3. Fiscal Sponsor Funds**

Fiscal Sponsor funds are held by the Organization on behalf of other entities and are disbursed only upon instructions from such entities. The amounts of fiscal sponsor funds held for other parties and not commingled by the United Way of San Joaquin totaled \$611,796 and \$177,853 as of June 30, 2023 and 2022, respectively, and are reflected in both current assets and current liabilities in the statement of financial position.

**Note 4. Pledges Receivable and Allowance for Uncollectible Pledges**

Pledges receivable consist of unconditional promises to give by donors and are recorded at net realizable value. The fair value of pledges receivable is estimated by discounting the future cash flows by the amount of the provisions for uncollectible pledges. Pledges receivable are net of provisions for uncollectible pledges. The provision for uncollectible pledges is computed based on a percentage of total campaign year pledges. For the years ended June 30, 2023 and 2022, all pledges receivable were due within one year.

The pledges per campaign year are shown as follows table at June 30:

	2023	2022
Pledges receivable	\$ 425,078	\$ 431,099
Allowance for uncollectible pledges	(78,216)	(74,757)
Net pledges receivable	\$ 346,862	\$ 356,342

**UNITED WAY OF SAN JOAQUIN COUNTY**  
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**NOTES TO FINANCIAL STATEMENTS**

**Note 5. Fair Value Measurements**

Accounting principles generally accepted in the United States of America establish 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 hierarchy is broken down into three levels based on the observability of inputs as follows:

*Level 1* – quoted prices in active markets for identical investments.

*Level 2* – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.).

*Level 3* – significant unobservable inputs (including the Organization’s own assumptions in determining fair value investments).

The categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The beneficial interest in assets of community foundation are deemed to be Level 2 within the valuation. All of the cash and cash equivalents and investments invested in marketable securities are deemed to be level 1 within the valuation hierarchy. There are no level 3 valuations.

	Fair Value		Fair Value Measurements Using: Inputs Other Than Quoted Prices Level 2	
	2023	2022	2023	2022
Equity Securities	\$ 113,586	\$ 107,942	\$ 113,586	\$ 107,942
	\$ 113,586	\$ 107,942	\$ 113,586	\$ 107,942

**Note 6. Property and Equipment**

Property and equipment and the related accumulated depreciation consisted of the following at June 30:

	2023	2022
Building improvements	\$ 20,000	\$ 20,000
Furniture and equipment	54,457	48,714
Less accumulated depreciation	(40,162)	(31,783)
Total	\$ 34,295	\$ 36,931

**UNITED WAY OF SAN JOAQUIN COUNTY**  
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**NOTES TO FINANCIAL STATEMENTS**

**Note 7. Right-of-use assets and lease liabilities**

The Organization leases office space under non-cancellable operating leases. At June 30, 2023, the components of these operating leases were as follows:

Right-of-use asset – operating	\$	558,208
Amortization of right-of-use asset		<u>(58,909)</u>
Right-of-use asset – operating, net	\$	<u>499,299</u>

At June 30, 2023, the components of the operating lease liabilities were as follows:

Operating lease liability for rental of office space, monthly payments ranging from \$2,580 to \$3,125 and lease termination date of February 2031.	\$	516,209
Less current portion		<u>(57,950)</u>
Lease liability - operating, less current portion	\$	<u>458,259</u>

As of June 30, 2023, the operating lease weighted-average remaining lease term in years is 7.6 and the weighted-average discount rate was 2.3%.

Aggregate maturities of the operating lease liabilities are as follows for the years ending June 30:

2024	\$	69,079
2025		70,073
2026		71,842
2027		72,861
2028		74,656
Thereafter		<u>205,370</u>
		563,881
Less present value discount		<u>(47,572)</u>
	\$	<u>516,309</u>

Amortization of right-of-use asset during the period of July 1, 2022 to June 30, 2023, which is embedded in the occupying cost on the Statement of Activities was \$52,277. For the year ended June 30, 2022, rent expense was \$37,283.

**UNITED WAY OF SAN JOAQUIN COUNTY**  
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**NOTES TO FINANCIAL STATEMENTS**

**Note 7. Right-of-use assets and lease liabilities (Cont.)**

The Organization leases copiers under a non-cancellable finance leases At June 30, 2023, the components of these financing leases were as follows:

Right-of-use asset – finance	\$	37,147
Amortization of right-of-use asset		<u>(8,255)</u>
Right-of-use asset – finance, net	\$	<u>28,892</u>

At June 30, 2023, the components of the finance lease liability were as follows:

Finance lease liability for copier, monthly payments of \$747 and lease termination date of December 2026.	\$	29,154
Less current portion		<u>(8,231)</u>
Lease liability - finance, less current portion	\$	<u>20,923</u>

As of June 30, 2023, the finance lease weighted-average remaining lease term in years is 3.4 and the weighted-average discount rate was 2.95%.

Aggregate maturities of the finance lease liabilities are as follows for the years ending June 30:

2024	\$	8,959
2025		8,959
2026		8,959
2027		<u>3,733</u>
		30,610
Less present value discount		<u>(1,456)</u>
	\$	<u>29,154</u>

**UNITED WAY OF SAN JOAQUIN COUNTY**  
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**NOTES TO FINANCIAL STATEMENTS**

**Note 8. Net Assets**

Net assets with donor restrictions were as follows for the years ended June 30:

Specific purpose:	2023	2022
Connected Community Network (CCN)	\$ 92,900	\$ 92,900
Training with non-profits	--	10,000
	\$ 92,900	\$ 102,900

Net assets with donor restrictions were released from restriction as follows for the years ended June 30:

	2023	2022
The NEST	\$ 224,482	\$ 150,000
County Grant (CCN)	100,000	--
CalEITC	95,564	--
Connected Community Network (CCN)	65,000	--
PG&E Grant	10,000	--
DEI Training with non-profits	10,000	--
UOP-Americorp Grant	10,000	--
Farmers Grant	9,910	--
EFSP Grant	8,402	--
Kinship 211 Grant	5,000	--
Health Leads Grant (CCN)	5,000	--
209Gives Matching	500	--
COVID-19 relief	--	23,441
Essential supplies to homeless	--	16,832
Golden state	--	14,591
Winter sheltering	--	5,600
	\$ 543,858	\$ 210,464

**UNITED WAY OF SAN JOAQUIN COUNTY**  
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**NOTES TO FINANCIAL STATEMENTS**

**Note 9. Contributed Nonfinancial Assets**

Contributed nonfinancial assets recognized are solely from services from accounting professionals. Contributed nonfinancial assets did not have donor restrictions. Contributed nonfinancial assets revenue is recorded at fair market value as both a revenue and an expense, in accordance with GAAP, and are valued at the billing rate of the professional providing services.

Contributed nonfinancial asset revenues and expenses for the years ended June 30, 2023 and 2022 were \$0 and \$6,200, respectively.

**Note 10. Designations Payable**

Designations payable are pledges which are pledged to specific agencies. The income and expense related to the designations are not recognized by the Organization. For the years ended June 30, 2023 and 2022, all designations payable were due within one year.

**Note 11. Allocation Payable**

Annual campaigns are conducted to raise support for allocation to participating agencies. Based upon the results of the annual fund-raising campaign, allocation committees make based on recommendations to the Board of Directors as to the amount of allocations each agency should receive from undesignated pledges. Allocations approved by the Board to agencies for the years ended June 30, 2023 and 2022 were \$0 and \$0, respectively.

Allocations payable are promises to give to local nonprofit agencies, which will be given to the agency upon compliance with certain provisions in the applications. The allocations are recognized as an expense in the period the allocations are made. For the years ended June 30, 2023 and 2022 all allocations payable were due within one year.

**Note 12. Related Parties**

United Way of San Joaquin County renews memberships with an affiliate. Annually, as part of the membership renewal, a membership investment must be made. The amount is calculated as a percentage of the prior year's campaign revenue. During the years ended June 30, 2023 and 2022, the Organization incurred and paid a membership investment of \$23,669 and \$13,685, respectively. The Organization's Board of Directors and employees have made contributions, unconditional promises to give and pledges totaling \$17,536 and \$10,624, respectively, for the years ended June 30, 2023 and 2022.

**Note 13. Retirement Plans**

The Organization implemented a Simple IRA Plan on June 19, 2015. Effective June 1, 2015, the Organization will make an employer-based matching contribution equal to the eligible participant's salary reduction not to exceed 3% of the participant's salary. The Organization's contribution for the years ended June 30, 2023 and 2022 was \$11,588 and \$9,541, respectively.