

**UNITED WAY OF
TARRANT COUNTY**

FINANCIAL STATEMENTS

**Year Ended June 30, 2023
(with Summarized Comparative Information
for the Year Ended June 30, 2022)
With Report of Independent Auditors**

**UNITED WAY OF
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(with Summarized Comparative Information
for the Year Ended June 30, 2022)**

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
United Way of Tarrant County

Opinion

We have audited the financial statements of United Way of Tarrant County (the “Organization”), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (“GAAS”) and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization’s ability to continue as a going concern for one year after the date that the financial statements are 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 and *Government 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 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 and *Government Auditing Standards*, we:

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

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

Report on Summarized Comparative Information

We have previously audited the Organization's financial statements as of and for the year ended June 30, 2022, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 1, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Fort Worth, Texas
November 27, 2023

UNITED WAY OF TARRANT COUNTY
STATEMENTS OF FINANCIAL POSITION

	June 30,	
	2023	2022
<u>Assets:</u>		
Cash and cash equivalents	\$ 3,786,301	\$ 2,274,095
Restricted cash	1,908,237	417,427
Investments, stated at fair value	157,041	354,787
Pledges receivable less allowance for uncollectible pledges of \$630,100 and \$915,646 at June 30, 2023 and 2022, respectively	2,647,828	2,594,722
Other receivables	1,418,973	1,629,796
Prepaid expenses	227,650	206,763
Beneficial interest in assets held by others	5,971,621	7,796,796
Property and equipment, net	764,040	194,359
Right-of-use assets - operating leases	3,193,006	-
Deposits and other assets	131,043	131,043
Total assets	<u>\$ 20,205,740</u>	<u>\$ 15,599,788</u>
<u>Liabilities and net assets:</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 2,061,673	\$ 2,105,974
Due to designated organizations	1,367,216	1,325,721
Refundable advance	-	10,000
Funds held for Fatherhood Coalition of Tarrant County	5,029	4,283
Funds held for Early Learning Alliance	460,113	413,144
Accrued post-retirement benefits	159,838	159,838
Operating lease liabilities	3,197,308	-
Deferred revenue	2,052,517	137,542
Total liabilities	<u>9,303,694</u>	<u>4,156,502</u>
Net assets:		
Without donor restrictions:		
Undesignated	(2,894,957)	(2,845,077)
Board designated	4,277,572	6,494,321
With donor restrictions:		
Donor restricted	9,519,431	7,794,042
Total net assets	<u>10,902,046</u>	<u>11,443,286</u>
Total liabilities and net assets	<u>\$ 20,205,740</u>	<u>\$ 15,599,788</u>

See accompanying notes to financial statements.

UNITED WAY OF TARRANT COUNTY

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2023 WITH COMPARATIVE TOTALS FOR 2022

	Without Donor Restrictions	With Donor Restrictions	Total Year Ended June 30, 2023	Comparative Total Year Ended June 30, 2022
<u>Revenues, gains and other support</u>				
Gross campaign results	\$ 762,547	\$ 9,792,188	\$ 10,554,735	\$ 10,860,914
Less donor designations	(316,203)	(1,578,212)	(1,894,415)	(2,809,599)
Net campaign contributions	446,344	8,213,976	8,660,320	8,051,315
Contributions of nonfinancial assets	280,277	-	280,277	132,612
Other contributions	220	-	220	-
Grants	11,118,989	2,975,312	14,094,301	12,378,502
Net investment return	25,008	-	25,008	(122,674)
Changes in market value of assets held by others	537,664	62,946	600,610	(1,098,912)
Rental income	503,264	-	503,264	501,015
Other	(28,858)	-	(28,858)	31,355
Net assets released for satisfaction of time restrictions	4,461,387	(4,461,387)	-	-
Net assets released for satisfaction of purpose restrictions	5,065,458	(5,065,458)	-	-
Total revenues, gains and other support	22,409,753	1,725,389	24,135,142	19,873,213
<u>Expenses</u>				
Program services:				
Community Impact	3,748,240	-	3,748,240	1,329,832
Economic Recovery	1,743,743	-	1,743,743	3,217,361
Equity	1,936,601	-	1,936,601	890,991
Veterans	985,830	-	985,830	879,764
Area Agency on Aging	10,155,779	-	10,155,779	9,391,938
Service Centers	645,959	-	645,959	519,114
Total program services	19,216,152	-	19,216,152	16,229,000
Support services:				
Fund Raising	4,358,358	-	4,358,358	2,885,708
Management & General	1,101,872	-	1,101,872	1,683,079
Total support services	5,460,230	-	5,460,230	4,568,787
Total expenses	24,676,382	-	24,676,382	20,797,787
Changes in net assets	(2,266,629)	1,725,389	(541,240)	(924,574)
Net assets at beginning of year	3,649,244	7,794,042	11,443,286	12,367,860
Net assets at end of year	<u>\$ 1,382,615</u>	<u>\$ 9,519,431</u>	<u>\$ 10,902,046</u>	<u>\$ 11,443,286</u>

See accompanying notes to financial statements.

UNITED WAY OF TARRANT COUNTY

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023 WITH COMPARATIVE TOTALS FOR 2022

	Community Impact	Economic Recovery	Equity	Veterans	Area Agency on Aging	Service Centers	Total Program Services	Fund Raising	Management & General	Total Supporting Services	June 30, 2023 TOTAL FUNCTIONAL EXPENSES	June 30, 2022 TOTAL FUNCTIONAL EXPENSES
Operating Expenses												
Salaries and wages	\$ 553,746	\$ 306,462	\$ -	\$ 412,292	\$ 2,278,005	\$ 70,614	\$ 3,621,119	\$ 1,304,361	\$ 406,230	\$ 1,710,591	\$ 5,331,710	\$ 4,834,329
Employee benefits	91,396	30,199	-	56,912	441,380	16,710	636,597	197,945	117,122	315,067	951,664	906,266
Payroll taxes	39,027	20,761	-	34,119	157,344	5,055	256,306	95,160	81,047	176,207	432,513	398,997
	<u>684,169</u>	<u>357,422</u>		<u>503,323</u>	<u>2,876,729</u>	<u>92,379</u>	<u>4,514,022</u>	<u>1,597,466</u>	<u>604,399</u>	<u>2,201,865</u>	<u>6,715,887</u>	<u>6,139,592</u>
Professional fees	206,562	324,812	-	23,593	366,438	10,495	931,900	2,104,313	2,900	2,107,213	3,039,113	1,888,345
Supplies	1,384	5,375	-	263	4,014	1,383	12,419	3,753	-	3,753	16,172	19,287
Telephone	8,823	3,075	-	2,967	24,381	32,513	71,759	8,301	5,451	13,752	85,511	118,208
Postage and shipping	173	25	-	18	1,202	-	1,418	2,016	492	2,508	3,926	7,847
Occupancy	12,476	57,627	-	-	290,193	302,373	662,669	153,866	-	153,866	816,535	855,359
Outside printing	-	2,830	-	30	6,874	-	9,734	15,462	80	15,542	25,276	28,228
Local transportation	1,959	543	2	10,015	19,453	596	32,568	6,460	2,560	9,020	41,588	29,150
Conferences and training	1,725	9,335	-	6,063	17,729	-	34,852	10,895	27,371	38,266	73,118	28,569
Meetings-community/agency	12,378	20,053	337	18,318	18,474	-	69,560	72,693	35,260	107,953	177,513	82,101
Community promotion	-	17,111	-	-	-	-	17,111	141,848	-	141,848	158,959	124,262
Subscriptions	1,332	23,427	-	-	-	-	24,759	37,146	4,878	42,024	66,783	45,241
Membership dues	19,501	316	-	-	4,750	-	24,567	2,011	27,549	29,560	54,127	49,063
Equipment-maintenance/rental	2,801	41,580	-	8,333	14,296	201,660	268,670	3,234	175,149	178,383	447,053	379,099
Insurance and miscellaneous	551	3,912	-	2,907	10,063	-	17,433	158,433	53,422	211,855	229,288	232,275
Payments to affiliated organizations	152,030	-	-	-	-	-	152,030	36,487	30,406	66,893	218,923	330,967
Depreciation	2,347	-	-	-	352	4,560	7,259	3,974	131,955	135,929	143,188	103,892
	<u>424,042</u>	<u>510,021</u>	<u>339</u>	<u>72,507</u>	<u>778,219</u>	<u>553,580</u>	<u>2,338,708</u>	<u>2,760,892</u>	<u>497,473</u>	<u>3,258,365</u>	<u>5,597,073</u>	<u>4,321,893</u>
Total operating expenses	<u>1,108,211</u>	<u>867,443</u>	<u>339</u>	<u>575,830</u>	<u>3,654,948</u>	<u>645,959</u>	<u>6,852,730</u>	<u>4,358,358</u>	<u>1,101,872</u>	<u>5,460,230</u>	<u>12,312,960</u>	<u>10,461,485</u>
Allocations/grants net of designations	<u>2,640,029</u>	<u>876,300</u>	<u>1,936,262</u>	<u>410,000</u>	<u>6,500,831</u>	<u>-</u>	<u>12,363,422</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,363,422</u>	<u>10,336,302</u>
Total functional expenses	<u>\$ 3,748,240</u>	<u>\$ 1,743,743</u>	<u>\$ 1,936,601</u>	<u>\$ 985,830</u>	<u>\$ 10,155,779</u>	<u>\$ 645,959</u>	<u>\$ 19,216,152</u>	<u>\$ 4,358,358</u>	<u>\$ 1,101,872</u>	<u>\$ 5,460,230</u>	<u>\$ 24,676,382</u>	<u>\$ 20,797,787</u>

See accompanying notes to financial statements.

UNITED WAY OF TARRANT COUNTY

STATEMENTS OF CASH FLOWS

	Years ended June 30,	
	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Changes in net assets	\$ (541,240)	\$ (924,574)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Loss on disposal of property and equipment	52,735	1,484
In-kind donation of property and equipment	(81,010)	-
Non-cash lease expense	443,323	-
Changes in fair value of assets held by others	(600,610)	1,098,912
Depreciation	143,188	103,892
Realized and unrealized (gain) loss on investments	(6,781)	131,064
Refundable advance forgiveness	(10,000)	(2,143,392)
Changes in operating assets and liabilities:		
Pledges receivable	(53,106)	(697,419)
Other receivables	210,823	(98,891)
Prepaid expenses	(20,887)	(40,883)
Other assets	-	(52,063)
Accounts payable and accrued expenses	(44,303)	22,791
Due to designated organizations	41,497	(177,004)
Deferred revenue	1,914,975	(168,062)
Funds held for Early Learning Alliance	46,969	153,965
Funds held for Fatherhood Coalition of Tarrant County	746	4,283
Operating lease liability	(439,021)	-
Net cash provided by (used in) operating activities	<u>1,057,298</u>	<u>(2,785,897)</u>
Investing activities:		
Purchases of property and equipment	(686,607)	(95,137)
Proceeds from disposal of property and equipment	2,013	-
Additions to beneficial interest in assets held by others	(504,576)	-
Distributions from beneficial interest in assets held by others	2,930,361	416,668
Proceeds from sale of investments	208,762	2,056,416
Purchase of investments	(4,235)	(41,675)
Net cash provided by investing activities	<u>1,945,718</u>	<u>2,336,272</u>
Net change in cash	3,003,016	(449,625)
Cash, cash equivalents, and restricted cash at beginning of year	<u>2,691,522</u>	<u>3,141,147</u>
Cash, cash equivalents, and restricted cash at end of year	<u><u>\$ 5,694,538</u></u>	<u><u>\$ 2,691,522</u></u>

See accompanying notes to financial statements.

UNITED WAY OF TARRANT COUNTY

STATEMENTS OF CASH FLOWS *(continued)*

Cash reconciliation:		
Cash and cash equivalents	\$ 3,786,301	\$ 2,274,095
Restricted cash	1,908,237	417,427
Cash, cash equivalents, and restricted cash at end of year	<u>\$ 5,694,538</u>	<u>\$ 2,691,522</u>
Supplemental disclosure of non-cash information		
Right-of-use assets assumed through lease liabilities	\$ 3,562,673	\$ -
Leases assumed through lease liabilities	<u>\$ 3,562,673</u>	<u>\$ -</u>

See accompanying notes to financial statements.

UNITED WAY OF TARRANT COUNTY

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2023 and 2022

NOTE A. NATURE OF BUSINESS

The United Way of Tarrant County (the “Organization” or “United Way”) is a not-for-profit organization whose mission is to provide leadership and harness resources to solve Tarrant County’s toughest challenges. The Organization started in 1922, when a group of Fort Worth’s community leaders consolidated the fundraising efforts of several local charities to more effectively address the community’s most urgent needs.

The Organization’s work is driven by identifying issues through data-driven research; informing the community about those issues to develop solutions; inviting the community to engage in these solutions by advising, giving, and volunteering; and investing in systemic solutions that yield long-term change for all.

United Way raises funds from individuals, organizations, foundations, grants, and government funding sources to support various programs. The Organization also works with private, public, and nonprofit partners to boost education, financial stability and health resources and respond in times of crisis.

United Way community volunteers allocate dollars targeting focus areas designated by the Organization’s Community Assessment and other data sources. Allocations are committed to United Way direct service initiatives and funded agencies at the beginning of each fiscal year in July.

United Way of Tarrant County administers the following:

Community Fund

Contributions without donor restrictions are accumulated and divided into two primary areas. The first benefits the Organization’s investment to supporting the Safety Net efforts of the non-profit community. The second area supports the Organization’s direct service initiatives, which focus on community health, education and learning, community response and financial empowerment.

Donor-Designated Funds

Donors can designate contributions to any non-profit of their choice, to other United Ways, or to the direct services provided to the community by United Way of Tarrant County. The Organization remits collected contributions quarterly to the designated organizations.

Other Programs

The Organization also administers various programs consisting of local, state, and federal grants for veteran services, Dolly Parton’s Imagination Library, Volunteer Income Tax Assistance, aging and disability services, maternal health initiatives, the Affordable Connectivity Program and youth gun violence intervention and prevention.

UNITED WAY OF TARRANT COUNTY
NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Organization’s significant accounting policies consistently 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 accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and, accordingly, reflect all significant receivables, payables, and other liabilities. Revenues are recognized when earned and expenditures are recognized when incurred.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all certificates of deposit, commercial paper, money market funds, and U.S. government securities with original maturities of three months or less when purchased to be cash and cash equivalents.

The Organization maintains its operating bank accounts primarily at one financial institution. The Federal Deposit Insurance Corporation (“FDIC”) insures accounts at this financial institution. The Organization maintains its cash in bank deposit accounts which, at times, may exceed FDIC limits. The Organization has not experienced any losses in such accounts.

Restricted Cash

During 2022 and 2023, the Organization has restricted cash related to fiscal agent agreements with Early Learning Alliance (“ELA”) and Fatherhood Coalition of Tarrant County (“FCTC”). As of June 30, 2023 and 2022, the Organization held \$460,113 and \$413,144 for ELA and \$5,029 and \$4,283 for FCTC which is recorded as restricted cash. The offsetting liability is presented on the statement of financial position as funds held for Early Learning Alliance and funds held for Fatherhood Coalition of Tarrant County. During 2023, the Organization has restricted cash related to a grant agreement with the City of Fort Worth. As of June 30, 2023, the Organization held \$1,443,095 in advanced funds.

Leases

A lease provides the lessee the right to control the use of an identified asset for a period of time in exchange for consideration. Operating lease right-of-use assets and finance lease right-of-use assets (collectively “ROU assets”) represent the Organization’s right to use an underlying asset for the lease term.

UNITED WAY OF TARRANT COUNTY
NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Leases – continued

Operating lease liabilities and finance lease liabilities (collectively, “lease liabilities”) represent the Organization’s obligation to make lease payments arising from the lease. The Organization determines if an arrangement is a lease at inception. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization excludes short-term leases having initial terms of 12 months or less from ROU assets and lease liabilities and recognizes rent expense on a straight-line basis over the lease term.

The Organization has leases for its office spaces and certain equipment. Most operating leases contain renewal options that provide for rent increases based on prevailing market conditions. The Organization has lease extension terms for our office spaces that have either been extended or are likely to be extended. The terms used to calculate the ROU assets and lease liabilities for these properties include the renewal options that the Organization is reasonably certain to exercise.

Investments

Investments are comprised of mutual funds and are reported at fair value with realized and unrealized gains and losses included in the accompanying statement of activities. See Note E for fair value of the Organization’s investments.

Beneficial Interest in Assets Held by Others

Beneficial interests in assets held by others represent investments held by the North Texas Community Foundation (“NTCF”) which are comprised of mutual funds and pooled accounts. The fair value of the mutual funds is determined primarily by reference to quoted market prices. Pooled accounts are comprised of broad asset category types, such as common stock, mutual funds, and cash equivalents. The underlying holdings are all based on unadjusted quoted market prices. Realized and unrealized gains and losses are included in the accompanying statement of activities as changes in market value of assets held by others.

Property and Equipment

The Organization capitalizes expenditures for property and equipment in excess of \$1,000 with useful lives of one year or more at cost. Depreciation is computed on the straight-line method with a pro-rated expense taken in the year of acquisition. Estimated useful lives for purposes of calculating depreciation vary from three to ten years.

Contributions and Revenue Recognition

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

UNITED WAY OF TARRANT COUNTY

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Contributions and Revenue Recognition – continued

Contributions received are recorded as with or without donor restriction depending on the existence and/or nature of any donor restrictions. Some donor restrictions are temporary in nature; those will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities as net assets released from restrictions.

The most recent fund-raising campaign is restricted at June 30, 2023, and will be reclassified from net assets with donor restrictions to net assets without donor restrictions at July 1, 2023, to support operations throughout the fiscal year ending June 30, 2024.

In establishing the annual allowance for uncollectible pledges, management evaluates the adequacy of the allowance for uncollectible pledges based on a several factors including collection history of previous fundraising campaigns, the aging of the accounts, and other specific information known to management that may affect collectability. Pledges not collected approximately twelve months after the Organization concludes its annual fundraising campaign become delinquent and are written off during the subsequent six to nine months.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances or deferred revenue in the statement of financial position. See Note O –*Economic Injury Disaster Loan Advance* for discussion of refundable advances recorded in the accompanying statement of financial position as of June 30, 2023 and 2022.

Endowment Funds and Spend Policies

The Alexis De Tocqueville Leadership Endowment Fund

The Organization established an endowment fund with the NTCF, the Alexis De Tocqueville Leadership Endowment Fund ("ADT Leadership Fund"), using the proceeds of a donor-restricted gift. The purpose of the gift was to establish a perpetual endowment to fund programs and services specified in the original gift instrument. The gift received is reported in net assets with donor restrictions and accumulated in investment funds managed by NTCF. Annual fund distributions made to the Organization from NTCF are expended on programs or services that fulfill the fund's mission and satisfy donor restrictions. The annual distribution shall not be less than 3% nor more than 6% of the value of the Fund for the end of the fiscal year immediately past.

UNITED WAY OF TARRANT COUNTY

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Endowment Funds and Spend Policies – continued

The Legacy Fund

The Organization established a quasi-endowment fund with the NTCF, the Legacy Fund, using net assets without donor restrictions previously held by the Organization. Gifts received for the fund are reported in net assets without donor restrictions and accumulated in investment funds managed by NTCF. Annual distributions made to the Organization from NTCF are expended on programs or services that fulfill the Organization's initiatives. Annual distribution made to the Organization from NTCF shall not be less than 3% nor more than 6% of the value of the Fund for the end of the fiscal year immediately past.

Comparative Financial Statements

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Contributed Nonfinancial Assets

The following represents the Organization's contributed nonfinancial assets recognized within the statement of activities for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Volunteer hours	\$ 106,576	\$ 131,416
Medical Equipment	83,200	1,196
Gift Cards	150	-
Furniture	<u>90,351</u>	<u>-</u>
	<u>\$ 280,277</u>	<u>\$ 132,612</u>

UNITED WAY OF TARRANT COUNTY
NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Contributed Nonfinancial Assets – continued

June 30, 2023				
	Revenue Recognized	Utilization in Programs	Donor Restrictions	Valuation Techniques
Volunteer hours	\$ 106,576	VITA Volunteers	For VITA	Value provided by the IRS
Medical Equipment	83,200	Disaster Relief	None	Estimated fair value on the basis of wholesale values
Gift Cards	150	Beat the Heat	For fans or air conditioners	Face Value
Furniture	90,351	General and Administrative	None	Value provided on invoice
	<u>\$ 280,277</u>			
June 30, 2022				
	Revenue Recognized	Utilization in Programs	Donor Restrictions	Valuation Techniques
Volunteer hours	\$ 131,416	VITA Volunteers	For VITA	Value provided by the IRS
Medical Equipment	1,196	Disaster Relief	None	Estimated fair value on the basis of wholesale values
	<u>\$ 132,612</u>			

The Organization recognized nonfinancial assets within revenue, gains and other support during the years ended June 30, 2023 and 2022. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

UNITED WAY OF TARRANT COUNTY

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Contributed Nonfinancial Assets – continued

A substantial number of volunteers have donated significant amounts of their time and services to the activities of the Organization without compensation. For the years ended June 30, 2023 and 2022, approximately 20,000 and 19,000 hours were donated. With the exception of Volunteer Income Tax Assistance (“VITA”), the value of donated services is not recognized as a contribution since no objective basis is available to measure the value of such services and generally, they do not require specialized skills. For VITA in 2023 and 2022, 3,707 and 4,571 volunteer hours were donated and were recognized at \$28.75 per hour, according to Internal Revenue Service guidelines.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. Salaries and related payroll expenses are recorded based on actual segregation of personnel by program or supporting services benefited. Distribution of all other expenses is based on actual usage or management’s estimates of usage applicable to the various programs and supporting services benefited. All salary, overhead, and miscellaneous costs attributable to fund-raising efforts are recorded as operating expenses in the period incurred.

Portions of management and general and technology expenses have been allocated to program expenses, within the statement of functional expenses, based upon the full-time equivalent employee method. The full-time equivalent employee method uses a premise that every employee has an associated overhead cost.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2023 and 2022, was \$158,959 and \$124,262, respectively.

Adoption of New Accounting Standards

In February 2016, the Financial Accounting Standards Board (“FASB”) issued guidance (Accounting Standards Codification [“ASC”] 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (“ROU”) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

UNITED WAY OF TARRANT COUNTY
NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Adoption of New Accounting Standards – continued

The Organization elected the package of practical expedients permitted under the transition guidance, allowing the Organization to carry forward conclusions related to: (a) whether expired or existing contracts contain leases; (b) lease classification; and (c) initial direct costs for existing leases. The Organization has elected not to record operating lease ROU assets or lease liabilities associated with leases with durations of 12 months or less. The Organization elected the practical expedient allowing aggregation of non-lease components with related lease components when evaluating the accounting treatment for all classes of underlying assets. The Organization adopted this standard effective July 1, 2022, using the modified retrospective approach. In transitioning to ASC 842, the Organization elected to use the practical expedient package available at the time of implementation and did not elect to use hindsight. These elections have been applied consistently to all leases existing at, or entered into after, July 1, 2022 (the beginning of the period of adoption). As a result of the adoption of the new lease accounting guidance, we recognized on July 1, 2022, an ROU asset and corresponding liability of approximately \$3,563,000. The standard did not materially impact net income or cash flows. Lease disclosures for the year ended June 30, 2022, are made under prior lease guidance in FASB ASC 840.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Subsequent Events

Management has evaluated all subsequent events and transactions for potential recognition or disclosure through November 27, 2023, the date the financial statements were available for issuance.

During September 2023, the Organization entered into an agreement with Insperity, Inc., a professional employer organization, which will result in the termination of the Organization's 403(b) Plan (see Note G) and the unfunded defined benefit post-retirement plan (see Note H).

NOTE C. PLEDGES AND OTHER RECEIVABLES

All pledges receivable as of June 30 are expected to be received as follows:

	2023	2022
	<hr/>	<hr/>
Within one year	\$ 2,977,928	\$ 3,510,368
Greater than one year	300,000	-
Allowance for uncollectible pledges	<hr/> (630,100) <hr/>	<hr/> (915,646) <hr/>
Total pledges receivable	<hr/> <hr/> \$ 2,647,828 <hr/> <hr/>	<hr/> <hr/> \$ 2,594,722 <hr/> <hr/>

UNITED WAY OF TARRANT COUNTY

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE C. PLEDGES AND OTHER RECEIVABLES – CONTINUED

At June 30, 2023 and 2022, the Organization had other receivables of \$1,418,973 and \$1,629,796, respectively, which are primarily due from various agencies related to grant revenue earned during the fiscal year.

NOTE D. INVESTMENTS

The fair values and related costs of investments as of June 30 are summarized as follows:

	<u>2023</u>		<u>2022</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Mutual funds	\$ 157,041	\$ 149,812	\$ 354,787	\$ 346,094

NOTE E. FAIR VALUE MEASUREMENTS

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

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

Level 2: Inputs to the valuation methodology include:

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

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The Organization had no level 3 assets or liabilities at June 30, 2023 or 2022.

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

UNITED WAY OF TARRANT COUNTY

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE E. FAIR VALUE MEASUREMENTS – CONTINUED

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

Mutual funds – balanced funds: The fair value of the mutual funds is determined primarily by reference to quoted market prices. Pooled accounts are comprised of broad asset category types, such as common stock, mutual funds, and cash equivalents. The underlying holdings are all based on unadjusted quoted market prices.

Mutual funds: Valued at unadjusted quoted market prices in an active market.

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

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2023:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Balance as of June 30, 2023
Beneficial interest in assets held by others:			
Mutual funds – balanced funds	\$ -	\$ 5,971,621	\$ 5,971,621
Investments:			
Mutual funds	157,041	-	157,041
Total	\$ 157,041	\$ 5,971,621	\$ 6,128,662

UNITED WAY OF TARRANT COUNTY

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE E. FAIR VALUE MEASUREMENTS – CONTINUED

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2022:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Balance as of June 30, 2022
Beneficial interest in assets held by others:			
Mutual funds – balanced funds	\$ -	\$ 7,796,796	\$ 7,796,796
Investments:			
Mutual funds	354,787	-	354,787
Total	<u>\$ 354,787</u>	<u>\$ 7,796,796</u>	<u>\$ 8,151,583</u>

NOTE F. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of June 30,:

	2023	2022
Leasehold improvements	\$ 230,245	\$ 360,893
Equipment	878,663	471,957
Total property and equipment	1,108,908	832,850
Less accumulated depreciation	(344,868)	(638,491)
Property and equipment, net	<u>\$ 764,040</u>	<u>\$ 194,359</u>

The Organization had depreciation expense of approximately \$143,000 and \$104,000 for the years ended June 30, 2023 and 2022, respectively.

UNITED WAY OF TARRANT COUNTY

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE G. BENEFIT PLANS

Effective November 1, 2003, the Organization established a 403(b) plan available to all employees who worked at least 1,000 hours. The Organization has elected to make a base contribution of 4% of each employee's annual salary. In addition, the Organization elected to match employee contributions, dollar for dollar, up to a maximum of 4% of annual salary. The Organization made employer contributions of approximately \$319,000 and \$330,000 for the years ended June 30, 2023 and 2022, respectively.

NOTE H. POST-RETIREMENT BENEFITS OTHER THAN PENSION

The Organization sponsors an unfunded defined benefit post-retirement plan (the "Plan") that provides life insurance benefits to retirees who meet specific eligibility requirements upon termination of active service. Effective January 1, 2005, the Organization suspended the post-retirement life insurance benefit for employees hired after December 31, 2004.

The Plan's funded status and other pertinent information related to the plan as of June 30 is set forth in the following table:

	<u>2023</u>	<u>2022</u>
Benefit obligation	\$ (159,838)	\$ (159,838)
Fair value of Plan assets	-	-
Funded status	<u>\$ (159,838)</u>	<u>\$ (159,838)</u>
Accrued benefit obligation	<u>\$ (159,838)</u>	<u>\$ (159,838)</u>
Accumulated benefit cost recognized in the statements of financial position	<u>\$ 159,838</u>	<u>\$ 159,838</u>
Net periodic benefit costs	\$ (10,982)	\$ (10,982)
Employer contributions	9,816	9,816
Fair value of Plan assets	-	-
Weighted-average assumptions:		
Discount rate	2.17%	2.17%
Rate of compensation increase	3.00%	3.00%
Expected return on Plan assets	-	-
Actuarial (gain)/loss on benefit obligation	-	-
Benefit payments	9,816	9,816

UNITED WAY OF TARRANT COUNTY

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE H. POST-RETIREMENT BENEFITS OTHER THAN PENSION – CONTINUED

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid according to the Plan year-end June 30,:

<u>Fiscal Year</u>	<u>Amount</u>
2024	\$ 9,682
2025	9,301
2026	8,911
2027-2030	38,430

The Organization expects to make contributions to the Plan approximating \$5,000 for the next fiscal year.

NOTE I. FEDERAL INCOME TAXES

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, as an organization other than a private foundation. Therefore, no provision for income taxes is made in the accompanying financial statements. The Organization follows U.S. GAAP, which prescribes a comprehensive model for the financial statement recognition, measurement, presentation, and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. Management believes that it has not taken a tax position that, if challenged, would have a material effect on the Organization's financial statements.

The Organization files a Form 990 in the United States federal jurisdiction and no tax returns are currently under examination by any tax authorities. The Organization has not incurred any penalties or interest during the years ended June 30, 2023 and 2022.

NOTE J. RELATED-PARTY TRANSACTIONS

From time to time, the Organization purchases goods or services from entities affiliated with various committee members or volunteers. Management believes these transactions have been conducted on an arms-length basis and no preferential treatment has been afforded the Organization or the vendors.

During 2023 and 2022, the Organization contributed \$316,490 and \$10,655, respectively, to a partner agency whose board member also serves on the Organization's Board of Directors. During 2023 and 2022, the Organization purchased services of \$134,886 and \$171,659, respectively, from a partner agency whose board member serves on the Organization's Board of Directors. During 2022, the Organization contributed \$53,856 to a city whose board member also serves on the Organization's Board of Directors. During 2023 and 2022, the Organization purchased services of \$50,997 and \$51,250, respectively, from a council whose employee serves on the Organization's Board of Directors.

UNITED WAY OF TARRANT COUNTY

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE J. RELATED-PARTY TRANSACTIONS – CONTINUED

During 2023 and 2022, the Organization contributed \$5,612 and \$75,689, respectively, in continuing start-up costs and purchased \$1,667 in services from a not-for-profit, supporting organization for which three of the Organization's executive officers serve as board members. At June 30, 2023 and 2022, the Organization had a receivable of \$28,628 on the accompanying statements of financial position, from a not-for-profit organization for which three of the Organization's executive officers serve as board members.

NOTE K. LEASES

A lease provides the lessee the right to control the use of an identified asset for a period of time in exchange for consideration. Operating lease ROU assets represent the Organization's right to use an underlying asset for the lease term. Operating lease liabilities ("lease liabilities") represent the Organization's obligation to make lease payments arising from the lease. The Organization determines if an arrangement is a lease at inception. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization does not have short-term leases having initial terms of 12 months or less from ROU assets. Should the Organization enter into these agreements in the future, these leases will be excluded from ROU assets and lease liabilities and recognize rent expense on a straight-line basis over the lease term.

The Organization enters into various lease agreements for the use of office space and equipment. The discount rate used to determine the commencement date present value of lease payments is the interest rate implicit in the lease, or when that is not readily available, the Organization utilizes a risk-free rate. ROU assets include any lease payments required to be made prior to commencement. The Organization's lease agreements do not contain significant residual value guarantees, restrictions, or covenants.

Total operating lease costs were approximately \$435,000 for the year ended June 30, 2023.

Approximate future annual minimum lease payments due under these lease agreements at June 30, 2023, are as follows:

2024	\$ 419,622
2025	419,622
2026	398,104
2027	379,063
2028	383,202
Thereafter	<u>1,741,484</u>
Total lease payments	\$ 3,741,097
Less present value discount	<u>(543,789)</u>
Operating lease liability	<u>\$ 3,197,308</u>

UNITED WAY OF TARRANT COUNTY
NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE K. LEASES – CONTINUED

Weighted average lease term and discount rate as of June 30, 2023, are as follows:

Weighted average remaining lease term (years)	9.17 years
Weighted average discount rate	3.43%

Cash paid during June 30, 2023, for operating leases are as follows:

Operating leases	
Operating cash flows	\$ 439,021

ROU assets obtained in exchange for lease liabilities during the year ended June 30, 2023, are as follows:

Operating leases	\$ 3,562,673
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Total rental expense for the year ended June 30, 2022, was approximately \$470,000.

NOTE L. RENTAL INCOME

The Organization operates and maintains three outlying service centers, which are leased. The Board of Directors has designated the associated net assets for the purpose of operating and maintaining these facilities. The centers are leased from the City of Arlington under operating leases involving nominal consideration, which expire in the year 2024. The facilities are subleased to various benefit and service providers.

The Organization's rental revenues are received from not-for-profit organizations, herein referred to as tenants, under non-cancelable operating leases. During the years ended June 30, 2023 and 2022, approximately \$503,000 and \$501,000, respectively, of rental revenue was generated from tenants. The tenant leases typically provide for minimum rent, charges for all operating costs of the buildings, and are adjusted as building expenses increase from year to year. Future annual minimum rentals on non-cancelable tenant operating leases at June 30, 2023, are approximately \$445,000.

UNITED WAY OF TARRANT COUNTY

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE M. NET ASSETS

The Organization’s Board of Directors has designated net assets, from net assets without donor restrictions, for the following purposes as of June 30,:

	<u>2023</u>	<u>2022</u>
Board designated endowment fund:		
Legacy Fund	\$ 2,727,880	\$ 4,524,394
Other board designated amounts:		
Barnett Shale Fund	720,683	1,230,706
Women’s Fund	<u>829,009</u>	<u>739,221</u>
Total board designated net assets	<u>\$ 4,277,572</u>	<u>\$ 6,494,321</u>

Net assets with donor restrictions are restricted for the following purposes or periods at June 30,:

	<u>2023</u>	<u>2022</u>
Subject to the passage of time:		
For periods after July 1, 2023 and 2022, respectively	\$ 4,615,602	\$ 4,461,387
Subject to purpose restrictions	3,198,691	1,693,282
Subject to spending policy and appropriation:		
Barnett Shale Fund	261,338	347,283
Women’s Fund	679,324	550,635
ADT Leadership Fund	264,351	241,330
Endowment – held in perpetuity		
ADT Leadership Fund	<u>500,125</u>	<u>500,125</u>
Total net assets with donor restrictions	<u>\$ 9,519,431</u>	<u>\$ 7,794,042</u>

UNITED WAY OF TARRANT COUNTY

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE M. NET ASSETS – CONTINUED

Net assets were released from time restrictions by the passage of time or released from donor restrictions by incurring expenses that satisfy the restricted purposes specified by the donors as follows for the years ended June 30,:

	<u>2023</u>	<u>2022</u>
Time restricted contributions	\$ 4,461,387	\$ 4,803,631
Barnet Shale Fund	85,945	84,425
Women’s Fund	50,078	49,066
ADT Leadership Fund	39,925	39,190
Purpose restricted contributions	<u>4,889,510</u>	<u>2,839,255</u>
	<u>\$ 9,526,845</u>	<u>\$ 7,815,567</u>

The Organization established two funds with NTCF, the Barnett Shale Fund and the Women’s Fund. Gifts received for both funds are reported in net assets with donor restrictions and accumulated in investment funds managed by NTCF. Annual fund distributions made to the Organization from NTCF are expended on programs or services that fulfill the funds’ mission and satisfy donor restrictions. The annual distribution shall not be less than 3% nor more than 6% of the value of the Fund for the end of the fiscal year immediately past.

At June 30, 2023 and 2022, the beneficial interest in assets held by others is comprised of the following funds which are disclosed by board designation and donor restriction below:

	<u>2023</u>	<u>2022</u>
Board designated endowment fund:		
Legacy Fund	\$ 2,727,880	\$ 4,524,394
Other board designated amounts:		
Barnett Shale Fund	720,683	1,230,706
Women’s Fund	829,009	739,221
With donor restrictions:		
Barnett Shale Fund	261,338	347,283
Women’s Fund	668,235	213,737
ADT Leadership Fund	<u>764,476</u>	<u>741,455</u>
Total beneficial interest in assets held by others	<u>\$ 5,971,621</u>	<u>\$ 7,796,796</u>

UNITED WAY OF TARRANT COUNTY

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE N. ENDOWMENT FUNDS

The Organization’s endowments consist of a quasi-endowment fund, the Legacy Fund, and a donor-restricted endowment fund, the ADT Leadership Fund. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Organization operates under the Texas Uniform Prudent Management of Institution Funds Act (“TUPMIFA”). The Board of Directors has interpreted TUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as donor restricted the original value of the gift received to establish the ADT Leadership Fund, which is required to be held in perpetuity. The remaining portion of the donor-restricted endowment fund that is not to be held in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by TUPMIFA. The Organization classifies the Legacy Fund as net assets without donor restrictions, as it has been designated as a quasi-endowment by the Board of Directors.

Investment Return Objectives

The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowments and board designated funds which function as endowments that attempt to provide a predictable stream of funding for the Organization’s operations while maintaining the purchasing power of those endowment assets over the long term. The investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which meets the annual distribution requirements within acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and fixed securities within mutual funds, that is intended to result in a consistent, inflation-protected rate of return that has sufficient liquidity to make annual distributions for operations. The following table presents the endowment net assets composition by type and fund at June 30, 2023 and 2022:

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Donor-restricted endowment ADT Leadership Fund	\$ -	\$ 764,476	\$ 764,476
Board-designated endowment Legacy Fund	2,727,880	-	2,727,880
Endowment Net Assets, June 30, 2023	<u>\$ 2,727,880</u>	<u>\$ 764,476</u>	<u>\$ 3,492,356</u>

UNITED WAY OF TARRANT COUNTY
NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE N. ENDOWMENT FUNDS – CONTINUED

Investment Return Objectives – continued

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Donor-restricted endowment ADT Leadership Fund	\$ -	\$ 741,455	\$ 741,455
Board-designated endowment Legacy Fund	4,524,394	-	4,524,394
Endowment Net Assets, June 30, 2022	<u>\$ 4,524,394</u>	<u>\$ 741,455</u>	<u>\$ 5,265,849</u>

The following table represents the changes in endowment net assets at June 30:

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Endowment Net Assets, June 30, 2021	\$ 5,417,374	\$ 883,087	\$ 6,300,461
Contributions	-	-	-
Changes in market value of assets held by others	(648,993)	(102,442)	(751,435)
Amounts appropriated for expenditure	<u>(243,987)</u>	<u>(39,190)</u>	<u>(283,177)</u>
Endowment Net Assets, June 30, 2022	\$ 4,524,394	\$ 741,455	\$ 5,265,849
Contributions	-	-	-
Changes in market value of assets held by others	331,755	62,946	394,701
Amounts appropriated for expenditure	<u>(2,128,269)</u>	<u>(39,925)</u>	<u>(2,168,194)</u>
Endowment Net Assets, June 30, 2023	<u>\$ 2,727,880</u>	<u>\$ 764,476</u>	<u>\$ 3,492,356</u>

UNITED WAY OF TARRANT COUNTY

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE O. COMMITMENTS AND CONTINGENCIES

Litigation

From time to time, the Organization may be involved in various suits and claims arising in the normal course of business. In management’s opinion, the ultimate outcome of these items will not have a material adverse effect on the Organization’s financial position or changes in net assets.

Economic Injury Disaster Loan Advance

During 2020, the Organization received an Economic Injury Disaster Loan (“EIDL”) advance, which was a grant program offered together with the EIDL loan program by the SBA. The amount of the EIDL advance was determined by the number of employees indicated on the EIDL application: \$1,000/employee, up to a maximum of \$10,000. During the year ended June 30, 2020, the EIDL advance received by the Organization was \$10,000 and the balance is recorded as a refundable advance in the accompanying statement of financial position at June 30, 2022. The remaining balance was wrote-off and reported as income during the year ended June 30, 2023.

NOTE P. AVAILABILITY AND LIQUIDITY

The following reflects the Organization’s financial assets which are available to meet general expenditures over the next twelve months at June 30,:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash and cash equivalents and restricted cash	\$ 5,694,538	\$ 2,691,522
Investments	157,041	354,787
Pledges receivable, net	2,647,828	2,594,722
Other receivables	1,418,973	1,629,796
Beneficial interest in assets held by others	<u>5,971,621</u>	<u>7,796,796</u>
Total financial assets	15,890,001	15,067,623
Less amounts subject to contractual or donor-restriction:		
Restricted cash	1,908,237	417,427
Purpose restricted	3,198,691	1,693,282
Beneficial interest in assets held by others with donor restrictions:		
Barnett Shale Fund	261,338	347,283
Women’s Fund	668,235	213,737
ADT Leadership Fund	<u>764,476</u>	<u>741,455</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$9,089,024</u>	<u>\$11,654,439</u>

UNITED WAY OF TARRANT COUNTY

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE P. AVAILABILITY AND LIQUIDITY – CONTINUED

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 certificates of deposits and mutual funds. The board designated endowment, which is recorded within beneficial interest in assets held by others in the accompanying statements of financial position, of \$2,727,880 and \$4,524,394 at June 30, 2023 and 2022, respectively, is subject to an annual distribution which shall not be less than 3% nor more than 6% of the value of the Fund for the end of the fiscal year immediately past in as described in Note B or subject to board approval for extraordinary distributions. Although the Organization does not intend to spend from the board designated endowment (other than amounts appropriated for general expenditure as part of our Board's annual budget approval and appropriation), these amounts could be made available if necessary and are therefore, included in the financial assets available above. Donor-restricted endowment funds and certain other net assets with time and purpose restrictions are generally not available for general expenditure and are therefore not included in the amount above.