

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

FINANCIAL REPORT

June 30, 2022 and 2021

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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 statement of financial position as of June 30, 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, 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 audit 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.

Prior Period Financial Statements

The financial statements of the United Way of San Joaquin County as of June 30, 2021, were audited by other auditors whose report dated November 11, 2021 expressed an unmodified opinion on those statements.

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.



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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
November 30, 2022

UNITED WAY OF SAN JOAQUIN COUNTY
(A Nonprofit Corporation)

STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,784,485	\$ 1,793,778
Cash held for others - fiscal sponsor funds	177,853	214,776
Certificate of deposit	--	100,000
Accounts receivable	40,356	2,800
Pledges receivable, net of allowance	356,342	387,013
Short-term investments	107,942	119,206
Prepaid expenses	8,735	--
Total current assets	2,475,713	2,617,573
PROPERTY AND EQUIPMENT, at cost		
Less accumulated depreciation	68,714	65,287
	(31,783)	(57,267)
	36,931	8,020
OTHER ASSETS		
Deposit	8,530	3,250
Total assets	\$ 2,521,174	\$ 2,628,843
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 13,073	\$ 22,686
Accounts payable - related party	5,916	22,876
Accrued liabilities	55,510	54,808
Fiscal sponsor liability	177,853	198,708
Deferred revenue	23,129	16,599
Designations payable	482,921	450,511
Total current liabilities	758,402	766,188
NET ASSETS		
Without donor restrictions	1,551,930	1,610,185
Without donor restrictions - Board designated	107,942	119,206
With donor restrictions	102,900	133,264
Total net assets	1,762,772	1,862,655
Total liabilities and net assets	\$ 2,521,174	\$ 2,628,843

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>
REVENUE AND SUPPORT			
PUBLIC SUPPORT			
CAMPAIGN RESULTS			
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>
 OTHER SUPPORT			
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>
 TOTAL PUBLIC SUPPORT	 <u>683,434</u>	 <u>--</u>	 <u>683,434</u>
 OTHER REVENUE			
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>
EXPENSES			
Program Services			
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>
Supporting services			
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>
Change in net assets from operations	<u>(58,528)</u>	<u>(30,364)</u>	<u>(88,892)</u>
Nonoperating activities			
Unrealized and realized investment losses, net	<u>(10,991)</u>	<u>--</u>	<u>(10,991)</u>
Change in net assets	<u>(69,519)</u>	<u>(30,364)</u>	<u>(99,883)</u>
NET ASSETS, BEGINNING OF YEAR	<u>1,729,391</u>	<u>133,264</u>	<u>1,862,655</u>
NET ASSETS, END OF YEAR	<u><u>\$ 1,659,872</u></u>	<u><u>\$ 102,900</u></u>	<u><u>\$ 1,762,772</u></u>

UNITED WAY OF SAN JOAQUIN COUNTY
(A Nonprofit Corporation)

STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
 PUBLIC SUPPORT			
 CAMPAIGN RESULTS			
Employee	\$ 948,633	\$ --	\$ 948,633
Alexis de Tocqueville Society	274,500	--	274,500
Corporate contributions	80,488	--	80,488
Gross campaign revenue	<u>1,303,621</u>	<u>--</u>	<u>1,303,621</u>
Donor designations	(664,760)	--	(664,760)
Provision for uncollectible pledges	(74,945)	--	(74,945)
Net campaign revenue	<u>563,916</u>	<u>--</u>	<u>563,916</u>
 OTHER SUPPORT			
Special events, net of expenses of \$53,435	35,054	--	35,054
Contributed nonfinancial assets	18,500	--	18,500
Contributions	13,356	--	13,356
Total other support	<u>66,910</u>	<u>--</u>	<u>66,910</u>
 TOTAL PUBLIC SUPPORT	<u>630,826</u>	<u>--</u>	<u>630,826</u>
 OTHER REVENUE			
Grant income	31,942	383,425	415,367
Administrative fees	308,850	--	308,850
Service fees	44,682	--	44,682
Net assets released from restriction	278,353	(278,353)	--
Total other revenue	<u>663,827</u>	<u>105,072</u>	<u>768,899</u>
Total contributed revenue and other support	<u>\$ 1,294,653</u>	<u>\$ 105,072</u>	<u>\$ 1,399,725</u>

UNITED WAY OF SAN JOAQUIN COUNTY
(A Nonprofit Corporation)

STATEMENT OF ACTIVITIES (Cont.)

Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES			
Program Services			
Allocation and designations			
Allocation and designations	\$ 956,374	\$ --	\$ 956,374
Less donor designations	(664,760)	--	(664,760)
Net allocations and designations	291,614	--	291,614
Resource distribution	140,862	--	140,862
Total program services	432,476	--	432,476
Supporting services			
Resource development	486,631	--	486,631
Operating	274,450	--	274,450
United Way Worldwide dues	21,357	--	21,357
Total supporting services	782,438	--	782,438
Total expenses	1,214,914	--	1,214,914
Change in net assets from operations	79,739	105,072	184,811
Nonoperating activities			
Unrealized and realized investment gains (losses), net	21,072	--	21,072
Gain on sale of assets	205,960	--	205,960
Change in net assets	306,771	105,072	411,843
NET ASSETS, BEGINNING OF YEAR	1,422,620	28,192	1,450,812
NET ASSETS, END OF YEAR	\$ 1,729,391	\$ 133,264	\$ 1,862,655

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
Contributed nonfinancial assets	--	1,054	1,054	3,596	1,550	--	5,146	6,200
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
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	\$ 187,237	\$ 141,408	\$ 328,645	\$ 609,236	\$ 297,952	\$ 13,685	\$ 920,873	\$ 1,249,518

See Notes to Financial Statements.

UNITED WAY OF SAN JOAQUIN COUNTY
(A Nonprofit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021

	Program services			Supporting Services			Total supporting services	Total
	Allocation and designation	Resource distribution	Total program services	Resource development	Operating	United Way Worldwide dues		
Salaries	\$ --	\$ 85,201	\$ 85,201	\$ 290,687	\$ 125,296	\$ --	\$ 415,983	\$ 501,184
Employee benefits	--	13,151	13,151	44,866	19,339	--	64,205	77,356
Payroll taxes	--	6,277	6,277	21,418	9,232	--	30,650	36,927
Other employee expenses	--	2,372	2,372	8,091	3,487	--	11,578	13,950
Total salaries and fringe	--	107,001	107,001	365,062	157,354	--	522,416	629,417
Allocation and designation	291,614	--	291,614	--	--	--	--	291,614
Professional fees	--	--	--	--	74,389	--	74,389	74,389
Supplies	--	4,985	4,985	18,960	7,328	--	26,288	31,273
Occupancy	--	6,246	6,246	21,311	9,186	--	30,497	36,743
Advertising	--	--	--	6,859	--	--	6,859	6,859
Equipment rental	--	3,237	3,237	11,042	4,760	--	15,802	19,039
Membership dues	--	--	--	11,654	--	--	11,654	11,654
Sponsorship fees	--	--	--	6,150	--	--	6,150	6,150
Contributed nonfinancial assets	--	10,730	10,730	3,145	4,625	--	7,770	18,500
Travel	--	374	374	1,280	552	--	1,832	2,206
Insurance	--	1,457	1,457	4,970	2,142	--	7,112	8,569
Telephone	--	1,871	1,871	6,383	2,751	--	9,134	11,005
Community events	--	--	--	12,885	--	--	12,885	12,885
Bank fees	--	--	--	--	4,066	--	4,066	4,066
Postage	--	337	337	1,151	496	--	1,647	1,984
Training	--	842	842	2,873	1,238	--	4,111	4,953
Miscellaneous	--	3,059	3,059	10,440	4,500	--	14,940	17,999
United Way Worldwide dues	--	--	--	--	--	21,357	21,357	21,357
Total expenses before depreciation	291,614	140,139	431,753	484,165	273,387	21,357	778,909	1,210,662
Depreciation	--	723	723	2,466	1,063	--	3,529	4,252
Total expenses	<u>\$ 291,614</u>	<u>\$ 140,862</u>	<u>\$ 432,476</u>	<u>\$ 486,631</u>	<u>\$ 274,450</u>	<u>\$ 21,357</u>	<u>\$ 782,438</u>	<u>\$ 1,214,914</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, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (99,883)	\$ 411,843
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	4,615	4,252
Unrealized and realized (gains) losses on investments, net	11,264	(19,191)
Gain on sale of assets	--	(205,960)
Changes in assets and liabilities:		
(Increase) decrease in:		
Cash held for others - fiscal sponsor funds	36,923	31,743
Accounts receivable	(37,556)	27,692
Pledges receivable	30,671	71,768
Prepaid expenses	(8,735)	4,267
Deposit	(5,280)	--
(Decrease) increase in:		
Accounts payable	(9,613)	(27,436)
Accounts payable - related party	(16,960)	(22,876)
Accrued liabilities	702	23,937
Fiscal sponsor liability	(20,855)	(31,143)
Allocations payable	--	(128,641)
Designations payable	32,410	86,149
Deferred revenue	6,530	--
	(75,767)	226,404
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	--	341,989
(Purchase) redemption of certificate of deposit	100,000	(100,000)
Purchase of property and equipment	(33,526)	(2,183)
	66,474	239,806
Net cash provided by (used in) investing activities		
Net increase (decrease) in cash and cash equivalents	(9,293)	466,210
Cash and cash equivalents, beginning of year	1,793,778	1,327,568
Cash and cash equivalents, end of year	\$ 1,784,485	\$ 1,793,778

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 pronouncement:

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 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.

Concentrations of credit risk:

At June 30, 2022 and 2021, 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.

UNITED WAY OF SAN JOAQUIN COUNTY
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

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

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, 2022 and 2021.

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, 2022 and 2021 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.

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.

UNITED WAY OF SAN JOAQUIN COUNTY
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

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

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, 2022 and 2021, there were no impairment losses recognized.

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.

UNITED WAY OF SAN JOAQUIN COUNTY
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NOTES TO FINANCIAL STATEMENTS

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

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.

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, 2022 and 2021 were \$36,918 and \$6,859, 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.

Reclassification:

Certain amounts in the June 30, 2021 financial statements have been classified for comparative purposes to conform to the presentation in the June 30, 2022 financial statements.

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 November 30, 2022, 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:	2022	2021
Cash and cash equivalents	\$ 1,784,485	\$ 1,793,778
Certificate of Deposit	-	100,000
Accounts receivable	40,356	2,800
Pledges receivable	356,342	387,013
Short-term investments	107,942	119,206
Total financial assets	2,289,125	2,402,797
Net assets with donor restrictions	(102,900)	(133,264)
Total financial assets available to meet general expenditures within one year	\$ 2,186,225	\$ 2,269,533

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 \$177,853 and \$214,776 as of June 30, 2022 and 2021, 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, 2022 and 2021, all pledges receivable were due within one year.

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

	2022	2021
Pledges receivable	\$ 431,099	\$ 461,125
Allowance for uncollectible pledges	(74,757)	(74,112)
Net pledges receivable	\$ 356,342	\$ 387,013

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	
	2022	2021	2022	2021
Equity Securities	\$ 107,942	\$ 119,206	\$ 107,942	\$ 119,206
	\$ 107,942	\$ 119,206	\$ 107,942	\$ 119,206

Note 6. Property and Equipment

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

	2022	2021
Building improvements	\$ 20,000	\$ --
Furniture and equipment	48,714	65,287
Less accumulated depreciation	(31,783)	(57,267)
Total	\$ 36,931	\$ 8,020

UNITED WAY OF SAN JOAQUIN COUNTY
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NOTES TO FINANCIAL STATEMENTS

Note 7. Leases

The Organization has operating leases of real property and office equipment expiring in 2031 and 2027.

The future minimum annual lease payments under these operating leases are as follows at June 30:

2023	\$	75,919
2024		77,288
2025		78,657
2026		80,051
2027		77,712
Thereafter		<u>273,587</u>
	\$	<u>663,214</u>

Rent expense paid on the operating leases for the years ended June 30, 2022 and 2021 was \$52,277 and \$37,283, respectively.

Note 8. Net Assets

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

Specific purpose:	<u>2022</u>	<u>2021</u>
Connected Community Network (CCN)	\$ 92,900	\$ 104,223
Training with non-profits	10,000	-
COVID-19 relief	-	23,441
Winter sheltering	-	5,600
	<u>\$ 102,900</u>	<u>\$ 133,264</u>

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

	<u>2022</u>	<u>2021</u>
Connected Community Network (CCN)	\$ 150,000	\$ 137,500
COVID-19 relief	23,441	81,321
Essential supplies to homeless	16,832	13,132
Golden state	14,591	-
Winter sheltering	5,600	46,400
	<u>\$ 210,464</u>	<u>\$ 278,353</u>

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, 2022 and 2021 were \$6,200 and \$18,500, 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, 2022 and 2021, 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, 2022 and 2021 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, 2022 and 2021 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, 2022 and 2021, the Organization incurred and paid a membership investment of \$13,685 and \$21,357, respectively. The Organization's Board of Directors and employees have made contributions, unconditional promises to give and pledges totaling \$10,624 and \$10,624, respectively, for the years ended June 30, 2022 and 2021.

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, 2022 and 2021 was \$9,541 and \$4,284, respectively.