

**TOWN OF PALM BEACH
UNITED WAY, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2023
(With Supplementary Information)**

TOWN OF PALM BEACH UNITED WAY, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Town of Palm Beach United Way, Inc.
Palm Beach, Florida

Opinion

We have audited the accompanying financial statements of Town of Palm Beach United Way, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2023 and the related statement of activities 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 Town of Palm Beach United Way, Inc as of June 30, 2023, and the changes in 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 Town of Palm Beach United Way, Inc and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Town of Palm Beach United Way Inc's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Town of Palm Beach United Way, Inc 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 Town of Palm Beach United Way, Inc'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 Town of Palm Beach United Way, Inc.'s 2022 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated October 20, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 20 and 21 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Divine, Blalock, Martin & Sellari,

DIVINE, BLALOCK, MARTIN & SELLARI, LLC

West Palm Beach, Florida

October 5, 2023

TOWN OF PALM BEACH UNITED WAY, INC
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2023
(with Comparative Totals for June 30, 2022)

ASSETS	<u>2023</u>	<u>2022</u>
Current assets		
Cash and cash equivalents	\$ 6,684,959	\$ 5,615,541
Pledges and other receivable, unrestricted (net)	197,209	137,633
Prepaid expenses	17,637	10,798
Total current assets	<u>6,899,805</u>	<u>5,763,972</u>
Property and equipment, net	9,795	22,491
Other assets		
Beneficial interest in trusts	618,124	586,277
Beneficial interest in trusts - endowment	1,639,721	1,615,796
Cash - endowment	16,749	569,139
Investment - certificates of deposit	512,518	512,398
Investment - endowment	8,820,428	7,616,479
Total other assets	<u>11,607,540</u>	<u>10,900,089</u>
TOTAL ASSETS	<u><u>\$ 18,517,140</u></u>	<u><u>\$ 16,686,552</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 8,932	\$ 14,340
Allocations to agencies	3,934,668	3,500,950
Total current liabilities	<u>3,943,600</u>	<u>3,515,290</u>
Net assets		
Without donor restrictions	7,956,354	6,799,232
With donor restrictions	6,617,186	6,372,030
Total net assets	<u>14,573,540</u>	<u>13,171,262</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 18,517,140</u></u>	<u><u>\$ 16,686,552</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF PALM BEACH UNITED WAY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023
(with Comparative Totals for June 30, 2022)

	2023			2022 Totals
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
REVENUE AND OTHER SUPPORT				
Campaign support	\$ 7,144,038	\$ -	\$ 7,144,038	\$ 7,466,449
Less designations to non-member agencies	337,500	-	337,500	252,450
Campaign support, net	<u>6,806,538</u>	<u>-</u>	<u>6,806,538</u>	<u>7,213,999</u>
Other support	-	499,220	499,220	328,475
Contribution of nonfinancial assets	204,901	-	204,901	268,874
Investment income	384,136	-	384,136	365,626
Net assets released from restrictions	309,838	(309,838)	-	-
Total revenue and other support	<u>898,875</u>	<u>189,382</u>	<u>1,088,257</u>	<u>962,975</u>
Total revenue and other support	<u>7,705,413</u>	<u>189,382</u>	<u>7,894,795</u>	<u>8,176,974</u>
EXPENSES				
Program services				
Allocation to agencies and response pool	4,926,266	-	4,926,266	5,469,411
Impact 100 allocations	318,038	-	318,038	278,973
Designated contributions to member agencies	375,255	-	375,255	363,844
Total allocation and payments	<u>5,619,559</u>	<u>-</u>	<u>5,619,559</u>	<u>6,112,228</u>
Functional Expenses				
Allocation and agency relations	822,796	-	822,796	620,664
Total program services	<u>6,442,355</u>	<u>-</u>	<u>6,442,355</u>	<u>6,732,892</u>
Supporting services				
Management and general	94,413	-	94,413	92,185
Fundraising	385,857	-	385,857	385,114
Total supporting services	<u>480,270</u>	<u>-</u>	<u>480,270</u>	<u>477,299</u>
Total expenses	<u>6,922,625</u>	<u>-</u>	<u>6,922,625</u>	<u>7,210,191</u>
Changes in net assets before gains and losses	782,788	189,382	972,170	966,783
GAINS AND LOSSES				
Net realized and unrealized				
gains (losses) on investments	375,764	-	375,764	(1,422,365)
Change in value of beneficial interest in trusts	-	55,774	55,774	(385,337)
Uncollectible pledges receivables	(1,430)	-	(1,430)	(5,463)
Total gains and losses	<u>374,334</u>	<u>55,774</u>	<u>430,108</u>	<u>(1,813,165)</u>
Change in net assets	1,157,122	245,156	1,402,278	(846,382)
Beginning net assets	<u>6,799,232</u>	<u>6,372,030</u>	<u>13,171,262</u>	<u>14,017,644</u>
Ending net assets	<u>\$ 7,956,354</u>	<u>\$ 6,617,186</u>	<u>\$ 14,573,540</u>	<u>\$ 13,171,262</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF PALM BEACH UNITED WAY, INC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023
(with Comparative Totals for June 30, 2022)

	2023				2022 Total
	Supporting Services			Total	
	Program Services	Management and General	Fundraising		
Allocations and payments					
Allocations to agencies and response pool	\$ 4,926,266	\$ -	\$ -	\$ 4,926,266	\$ 5,469,411
Impact 100 allocations	318,038	-	-	318,038	278,973
Designated contributions to member agencies	375,255	-	-	375,255	363,844
Total allocations and payments	5,619,559	-	-	5,619,559	6,112,228
Functional expenses					
Personnel and related expenses					
Salaries	188,675	37,735	150,940	377,350	357,086
Health insurance	27,275	2,989	20,158	50,422	49,362
Retirement benefits	28,302	5,660	22,641	56,603	57,382
Payroll taxes	13,925	2,784	11,139	27,848	27,186
Total personnel and related expenses	258,177	49,168	204,878	512,223	491,016
Other expenses					
Advertising	10,113	2,023	8,091	20,227	12,169
Agency liaison	7,621	-	-	7,621	7,787
Auto expenses	1,500	300	1,200	3,000	3,000
Bank charges	16,302	3,187	12,751	32,240	43,928
Computer software	9,388	1,878	7,511	18,777	18,359
Depreciation	6,348	1,270	5,078	12,696	13,008
DeTocqueville Society	6,663	1,328	5,311	13,302	3,861
Donor cultivation	3,107	622	2,487	6,216	7,840
Dues and subscriptions	61,204	162	648	62,014	65,611
Endowment Fees	12,500	2,500	10,000	25,000	25,000
Insurance	4,290	858	3,432	8,580	7,568
Office and campaign supplies	39,412	7,929	31,717	79,058	81,865
Photography and awards	1,665	333	1,332	3,330	3,697
Printing and postage	8,373	1,674	6,698	16,745	15,412
Professional fees	12,350	2,470	9,880	24,700	22,095
Repairs and maintenance	13,827	2,765	11,061	27,653	25,314
Special events	258,800	14,726	58,903	332,429	174,529
Special events - In-kind expenses	85,057	-	-	85,057	64,653
Telephone and fax	6,099	1,220	4,879	12,198	11,251
Total functional expenses	822,796	94,413	385,857	1,303,066	1,097,963
Total allocations, payments and functional expenses	\$ 6,442,355	\$ 94,413	\$ 385,857	\$ 6,922,625	\$ 7,210,191

The accompanying notes are an integral part of these financial statements.

TOWN OF PALM BEACH UNITED WAY, INC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023
(with Comparative Totals for June 30, 2022)

	2023	2022
Cash flows from operating activities:		
Increase (Decrease) in net assets	\$ 1,402,278	\$ (846,382)
<i>Adjustments to reconcile decrease in net assets to net cash used in operating activities:</i>		
Depreciation	12,696	13,008
Net realized and unrealized (gains) losses on investments	(375,764)	1,422,365
Change in value of beneficial interest in trusts	(55,774)	385,337
Write off of pledges receivables	1,430	5,463
<i>Changes in operating non-cash assets & liabilities:</i>		
Pledges and other receivable	(61,006)	54,170
Prepaid expenses	(6,839)	(8,636)
Accounts payable and accrued expenses	(5,408)	(3,756)
Increase in allocation to agencies	433,718	(74,900)
Net cash provided by operating activities	1,345,331	946,669
Cash flows from (used in) investing activities:		
Sale of investments	1,830,500	1,549,090
Purchase of investments	(2,658,803)	(1,502,668)
Purchase of property and equipment	-	(6,972)
Net cash (used in) provided by investing activities	(828,303)	39,450
Increase in cash and cash equivalents	517,028	986,119
Cash and cash equivalents, beginning of year	6,184,680	5,198,561
Cash and cash equivalents, end of year	\$ 6,701,708	\$ 6,184,680
Supplemental Disclosures:		
Cash Summary:		
Cash and cash equivalents	\$ 6,684,959	\$ 5,615,541
Endowment Cash	16,749	569,139
Total ending cash and cash equivalents	\$ 6,701,708	\$ 6,184,680

The accompanying notes are an integral part of these financial statements.

TOWN OF PALM BEACH UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

The Town of Palm Beach United Way, Inc. (the "Organization") is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. The Organization was formed to assist the development of other philanthropic organizations in the vicinity of Palm Beach, Florida.

Basis of accounting

The Organization's financial statements are prepared on the accrual basis of accounting and in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*.

Basis of presentation

The Organization records unconditional promises to give (pledges) as contributions at fair value at the date the promises are received or made and distinguishes between promises received for each net asset category in accordance with donor restrictions, if any.

Net assets and revenue, expenses, gains and losses are classified as net assets with donor restrictions and net assets without donor restrictions based on the existence or absence, respectively, of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions – Net assets available for the support of the Organization's operations. The net assets without donor restrictions may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization or the passage of time and net assets subject to donor-imposed stipulations to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the earnings on related investments for general or specific purposes.

The amounts for each class of net assets are required to be displayed in a statement of financial position and the amount of the change in each class of net assets are required to be displayed in a statement of activities.

Cash and cash equivalents

Cash includes amounts on deposit in checking accounts and money market accounts. For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Organization maintains cash deposits at various financial institutions located in Palm Beach County, Florida, as well as with brokerage firms. From time-to-time cash balances may exceed Federal Deposit Insurance Corporation (FDIC) limits. The Organization periodically evaluates the financial condition of its banking institutions and has not experienced any loss on such accounts. Management believes the Organization is not exposed to any significant credit risk arising from such balances.

TOWN OF PALM BEACH UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE A - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Investments

Investments are presented in the financial statements at fair value, using quoted market prices for publicly traded securities and other relevant information generated by market transactions. Investments consist of funds invested in mutual funds, exchange traded funds (ETF's) and a certificate of deposit. The mutual funds and exchange traded funds are held by a brokerage firm for the benefit of the Organization, but are not insured or collateralized. The certificate of deposit is issued by a national bank and is insured up to \$250,000 by the FDIC and is recorded at cost plus accrued interest income. Investment transactions are recorded on a trade date basis. Investment income is recorded on the accrual basis and dividend income is recorded on the ex-dividend date. Investment earnings and realized and unrealized gains and losses are included in the Statement of Activities. Investment expenses are netted against investment income.

Pledges receivable

Pledges receivable represent unconditional promises to give support over a period of time. Unconditional promises to give are reported as an increase in net assets with or without donor restrictions, depending on the nature of the donor-imposed restriction, if any. The Organization recognizes pledges receivable at estimated net realizable value for pledges due within one year. Pledges receivable that are expected to be collected in future years are recorded at the present value of their net realizable value. No allowance was deemed necessary for pledges receivable as they were deemed fully collectible by management.

Property and equipment

Property and equipment owned by the Organization are recorded at cost, if purchased, or fair market value, if donated. Depreciation of property and equipment is calculated on the straight-line method over the estimated useful lives of the related asset, generally 3-10 years.

Campaign year and allocation to agencies

Due to the seasonal nature of the local economy and social environment, the Organization holds its annual campaign from September through June of each fiscal year. That campaign is used to develop an allocation to agencies that will be paid in the next period. The Organization typically meets in March or April of each year to decide on allocation payments to agencies. The amounts allocated to the individual agencies are determined by volunteers through a citizens' review process. Once the Board approves the allocations, agreements are executed with the agencies. Allocations are recognized as a liability when formally approved by the Board and communicated to agencies, and are generally paid over the ensuing 12 months.

Designations

Certain large contributors are permitted to designate the use of their contributed funds to specific agencies that could be members or non-members of the Organization. Such donor designations are funded immediately and are expensed in the same period. As of June 30, 2023, all designations have been paid.

TOWN OF PALM BEACH UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE A - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Revenue recognition

The Organization's main source of revenue is public support and contributions which are recognized when the cash, securities or other assets are 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 substantially met. Contributions are reported as changes in net assets with or without donor restrictions depending on the existence of donor stipulations that limit the use of the support. The Organization reports contributions as changes in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same year the contribution was received, are reported as changes in net assets without donor restrictions. Gifts of securities and other assets are reported at their estimated fair value on the date of donation.

Special event revenue is recognized in accordance with FASB ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended, which applies to exchange transactions and not to contributions and other nonreciprocal transfers to the Organization. In accordance with ASU 2014-09, the Organization records special event revenue equal to the fair value of the direct benefit to donors, and contribution income for the excess received at the point in time when the event takes place. Payments for special events are due on or before the occurrence of the event. Revenue received in advance for future fundraising events and conditional contributions are deferred until the event is held or the donor's condition is met.

Contribution of nonfinancial assets (in-kind contributions)

Contributions of securities, goods, and other in-kind assets are recorded at fair value and as support without donor restrictions unless the donor stipulates how the donated asset must be used. Contributions of long-lived assets with restrictions are reported as support with donor restrictions until the asset is placed in service. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions until the asset is acquired and placed in service.

A substantial number of unpaid volunteers have made significant contributions of their time to develop the Organization's programs, principally in the evaluation of agencies and allocation of support. Due to difficulty in establishing a value for these non-professional services, the value of this contributed time is not reflected in these statements. For the year ended June 30, 2023 contributions of nonfinancial assets (in-kind contributions) consisted of goods and services which totaled \$204,901.

Advertising

The Organization's advertising, marketing and promotion is expensed as incurred. Such costs totaled \$20,227 during the year ended June 30, 2023.

TOWN OF PALM BEACH UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE A - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Income taxes

The Organization is a tax-exempt, not-for-profit Corporation under Internal Revenue Code (IRC) Section 501(c) (3). Accordingly, no provision for income taxes has been made in the accompanying financial statements.

The Organization has adopted the provisions of FASB ASC 740-10-25, which require that a tax provision be recognized or derecognized based on a “more likely than not” threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include any uncertain tax positions.

The Organization files tax returns in the U.S. federal jurisdiction. The Organization is no longer subject to Internal Revenue Service tax examinations for years prior to 2019.

Use of estimates

The preparation of financial statements in conformity with FASB ASC 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.

Functional expenses

In the accompanying statement of activities, expenses are reported by their functional classification, a method of grouping expenses according to the purpose for which they were incurred. The primary functional classifications are program services and supporting activities. Program services are the activities that result in services being provided to members that fulfill the purposes or mission for which the Organization exists. Supporting activities are all activities other than program services and are included in the financial statements as management and general or fundraising expenses.

Recent Adopted Accounting Pronouncements

The FASB has issued the following accounting standards updates that may affect the Organization in future years. Management is evaluating the effects, if any, of the following updates:

- *ASU 2016-09 (Leases)*- Effective January 1, 2022, the Company adopted the new lease standard. At June 30, 2023 the Company had no lease agreements in place. Management does not believe that any other recently issued but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.
- *ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)* - requires not-for-profit entities to present nonfinancial assets as a separate line item in the statement of activities from contributions of cash and other financial assets. The ASU also requires disclosures including the use of the contributed nonfinancial assets, the policy of monetizing or utilizing contributed nonfinancial assets, description of donor- imposed restrictions associated with contributed nonfinancial assets, and the valuation techniques and inputs used to measure the contributed nonfinancial assets at fair value. The Organization adopted ASU 2020-07 for the year ended June 30, 2023.

**TOWN OF PALM BEACH UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE B – INVESTMENTS

Investments as of June 30, 2023 are classified as follows:

Investment Breakdown

Equity mutual funds	\$ 4,954,175
Bond mutual funds	2,116,645
Exchange traded funds (ETF)	877,582
Certificate of deposit	512,518
US Treasury - fixed income	872,026
Total Investments	\$ 9,332,946

The Organization's investments in mutual funds and ETF's are exposed to various risks, such as market risk, interest rate risk, and credit risks. In addition, certain investments may be subject to additional risks including foreign currency risk, derivatives risk, foreign and emerging markets risk, leveraging risk, liquidity risk, multi-manager risk, real estate risk and small company risk. Due to the various risks associated with the Organization's investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

In addition to the investments above, the Organization have cash totaling \$16,749 for the year ended June 30, 2023, that is pending investment in accordance with the Organization's investment policy.

NOTE C – PLEDGES RECEIVABLE

Pledges are recorded as receivables and support when received or promised. These pledges are considered unconditional promises to give, which is a promise to give that depends only on the passage of time. Unconditional promises to give that are due beyond one year have been measured using the net present value of their estimated future cash flows. Pledge receivables as of June 30, 2023, consist of promises to give due in the following year from individual and corporate donors. At June 30, 2023, the total pledge receivables were \$197,209. From time to time, the Organization is informed of intentions to give by prospective donors. Such expressions of intent are revocable and unenforceable. The ultimate value of these expressions has not been established nor have they been recognized in the accompanying financial statements.

NOTE D – ENDOWMENTS

The Organization's endowments consist of a donor-restricted endowment fund that was established to support its annual operating expenses and a Board designated endowment fund. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**TOWN OF PALM BEACH UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE D – ENDOWMENTS, CONTINUED

FASB ASC 958, Not-for-Profit Entities, provides guidance on the net asset classification of endowment funds with donor restrictions for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and requires disclosures about an organization's endowment funds (both donor-restricted endowment funds and board- designated endowment funds), whether or not the organization is subject to UPMIFA. The State of Florida enacted a version of UPMIFA, known as the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) that governs the investment, management and spending of donor- restricted endowment funds by Florida not-for-profit organizations. Absent explicit donor stipulations, FUPMIFA generally requires prudent care in investing, managing and developing spending plans for donor-restricted endowment funds.

The Organization classifies as perpetually restricted net assets the following items: (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument (if applicable) at the time the accumulation is added to the fund, and (d) the portion of investment return added to the perpetual endowment to maintain its purchasing power, if donor-restricted. The Organization classifies as time or purpose restricted net assets: (a) the portion of donor-restricted term endowment funds that is deemed to be restricted over a donor-specified period, and (b) the portion of donor-restricted endowment funds with donor-imposed purpose restrictions that have not yet been met.

The Organization considers the following factors in making a determination to expend donor-restricted endowment funds:

- *The duration and preservation of the fund*
- *The purposes of the Organization and the donor-restricted endowment fund*
- *General economic conditions*
- *The possible effect of inflation and deflation*
- *The expected total return from income and the appreciation of investments*
- *Other resources of the Organization*
- *The investment policies of the Organization*

Endowment composition by type of fund as of June 30, 2023 was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted	\$ -	\$ 5,646,646	\$ 5,646,646
Board-designated	4,830,252		4,830,252
Total	\$ 4,830,252	\$ 5,646,646	\$ 10,476,898

**TOWN OF PALM BEACH UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE D – ENDOWMENTS, CONTINUED

	Without Donor Restrictions	With Donor Restrictions	Total
Balance at July 1, 2022	\$ 4,699,291	\$ 5,614,522	\$ 10,313,813
Contributions	-	-	-
Transfers/Adjustments	(520,718)	8,200	(512,518)
Investment return			
Investment income, net of fees	241,563	-	241,563
Net realized/unrealized losses	410,116	-	410,116
Total investment return	651,679	-	651,679
Change in value of beneficial interest in trust	-	23,924	23,924
Balance at June 30, 2023	<u>\$ 4,830,252</u>	<u>\$ 5,646,646</u>	<u>\$ 10,476,898</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor- restricted endowment funds may fall below the level that the donor or FUPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with U.S. generally accepted accounting principles, deficiencies of this nature are reported in net assets with donor restrictions. There were no deficiencies in donor-restricted endowment funds as of June 30, 2023.

Investment Objectives

Historically, the Organization's investment objectives and policies have been to:

- (a) generate adequate annual transfers of income, which together with the earnings of the general unrestricted funds and reserve funds of the Organization, will fully subsidize the annual operating expenses without eroding the original corpus; and
- (b) provide a growth rate in the investment portfolio at least equal to the current rate of inflation. In order to meet its objectives, the Organization generally contemplates the investment of the Endowment Funds in mutual funds and exchange traded funds which are broadly diversified within equity asset classes and appropriate fixed income instruments that provide a diversified exposure to the credit markets. The Organization believes that investing in equity and fixed income mutual funds and exchange traded funds is an appropriate method for achieving a diversified investment strategy given the nature of these investments. The Organization periodically reviews its investment policy to specifically identify strategies and spending policies as they relate to the various endowment categories.

**TOWN OF PALM BEACH UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE D – ENDOWMENTS, CONTINUED

Spending Policy

The Organization's spending policy specifies the approach followed with respect to transfers from the Endowment Funds to the Unrestricted Fund. In general, the Organization may make an annual transfer of up to four percent (4%) of the average endowment corpus. For purposes of this measurement, the endowment corpus includes funds for which the Organization receives no current income, but which are permanently committed to the Organization.

More specifically, the Organization may transfer at the end of each fiscal quarter, one percent (1%) of the latest year average applicable endowment corpus (determined by the average of the last four available calendar quarters) from the Endowment Fund to the Unrestricted Fund. The Board decided not to transfer any monies out of the Endowment Fund for 2023.

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2023.

Building and improvements	\$	303,028
Equipment		159,592
Less: Accumulated depreciation		(452,825)
Property and equipment, net	\$	9,795

NOTE F – BENEFICIAL INTERESTS IN TRUSTS

While management uses their best judgment in estimating the fair value of these trust interests, there are inherent limitations in any estimation technique. Accordingly, the fair value of the beneficial interests in these trusts could differ significantly from their ultimate realizable value should management's assumptions differ from future confirming events. Beneficial interests in trusts with donor restrictions consist of the following at June 30, 2023:

Time Restricted

The organization is a beneficiary of the following trusts that are time restricted assets until such time as the remainder interests are received:

25% beneficial interest in a charitable remainder unitrust. The trust interest is valued based upon the estimated discounted cash flow of the remainder interest over the estimated life expectancy of the current beneficiary.	\$	129,877
33% beneficial interest in a charitable remainder unitrust. The trust interest is valued based upon the estimated discounted cash flow of the remainder interest over the estimated life expectancy of the current beneficiary.		488,247
Total Time Restricted Beneficial Interests in Trusts	\$	618,124

**TOWN OF PALM BEACH UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE F - BENEFICIAL INTERESTS IN TRUSTS, CONTINUED

Perpetually Restricted

The Organization is the beneficiary of the following trusts that are restricted in perpetuity:

A perpetual trust created by a donor, the assets of which are held by a third-party trustee. The Organization has legally enforceable rights and claims to such assets, including the sole right to income therefrom. The interest in this trust is valued at the fair value of the underlying assets held in the trust. \$ 1,459,543

A perpetual trust created by a donor, the assets of which are held by a third-party trustee. The Organization has legally enforceable rights and claims to 25% of the net income of the trust. The interest in this trust is valued at the proportionate share of the fair value of the underlying assets held in the trust. \$ 180,178

\$ 1,639,721

Total Beneficial Interest in Trust \$ 2,257,845

NOTE G - NET ASSETS

As of June 30, 2023, the Organization's net assets consist of the following:

Without Donor Restrictions

Undesignated	\$ 3,126,102
Board designated endowment	4,830,252
Total Net Assets Without Donor Restrictions	<u><u>\$ 7,956,354</u></u>

With Donor Restrictions

Restricted not in perpetuity

Time restricted beneficial interests in trusts	\$ 618,124
Purpose restricted - Impact Fund	352,416
Net assets restricted not in perpetuity	<u>970,540</u>

Restricted in perpetuity

Beneficial interests in perpetual trusts	1,639,721
Endowment investments in perpetuity	4,006,925
Net assets restricted in perpetuity	<u>5,646,646</u>
Total Net Assets With Donor Restrictions	<u><u>\$ 6,617,186</u></u>

**TOWN OF PALM BEACH UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE G – NET ASSETS, CONTINUED

As of June 30, 2023, the Organization's net assets with donor restrictions consist of the following:

	Time and Purpose Restricted	Perpetually Restricted	Total With Donor Restrictions
Beneficial interests in trusts	\$ 618,124	\$ 1,639,721	\$ 2,257,845
Cash	352,416	-	352,416
Investments	-	4,006,925	4,006,925
	<u>\$ 970,540</u>	<u>\$ 5,646,646</u>	<u>\$ 6,617,186</u>

Net assets with donor restrictions include net assets that arise as a result of time or purpose restrictions and are considered net assets with donor restrictions until such assets are received or donor restrictions for specific purposes are met. The time restricted beneficial interests in trusts are restricted until such time as the remainder of the trust is distributed, at which time the distribution will become available to the Organization for its unrestricted use. The purpose restricted cash consists of amounts restricted for a specific program.

Perpetually restricted assets must be maintained in perpetuity. The income from these assets may be used to support the Organization's operations and are recorded as investment income without donor restrictions, as they are appropriated by the Board as additions to the Board designated endowment fund.

NOTE H - FAIR VALUE MEASUREMENTS

The Organization uses a three-tier hierarchy established by the FASB ASC to prioritize the assumptions, referred to as inputs, used in valuation techniques to measure fair value. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

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

Level 2: *other significant observable inputs (including quoted prices for similar investments in active markets, interest rates and yield curves, prepayment speeds, credit risks, etc.)*

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

The fair value measurement of an asset or liability 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.

Items Measured at Fair Value on a Recurring Basis: The following methods and assumptions were used by the Organization in estimating the fair value of financial instruments that are measured at fair value on a recurring basis under FASB ASC 820:

TOWN OF PALM BEACH UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE H - FAIR VALUE MEASUREMENTS, CONTINUED

Equity and Bond Mutual funds: Valued at the net asset value (NAV) of the shares held at year end as reported on the national exchange on which the funds are traded.

Exchange traded funds (ETF): Valued at the closing price of the funds as reported on a national stock exchange.

Certificates of deposit: Valued at the closing price as reported.

US Treasury - fixed income: Valued at the closing price as reported

Beneficial interests in trusts: Valued at the discounted fair value of the remainder interest to be received upon termination of the trust for the charitable remainder trusts and at the underlying value of the securities as reported on the active market on which the individual securities are traded for perpetual trusts.

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 methodologies 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. There were no changes in the methodologies during the year ended June 30, 2023.

Fair Value of Assets: The following table sets forth, by level within the fair value hierarchy, the fair value of the Organization's financial assets measured at fair value on a recurring basis at June 30, 2023.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 4,954,175	\$ -	\$ -	\$ 4,954,175
Bond funds	2,116,645	-	-	2,116,645
Exchange traded funds	877,582	-	-	877,582
Certificates of deposit	512,518	-	-	512,518
US Treasury - fixed income	872,026	-	-	872,026
Beneficial interests in trusts	-	-	2,257,845	2,257,845
Total Fair Value	<u>\$ 9,332,946</u>	<u>\$ -</u>	<u>\$2,257,845</u>	<u>\$ 11,590,791</u>

The categorization of an investment within the fair value hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the Organization's perceived risk of that investment. The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the year ended June 30, 2023.

**TOWN OF PALM BEACH UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE H - FAIR VALUE MEASUREMENTS, CONTINUED

Beneficial Interests in Trusts:

Balance at July 1, 2022	\$ 2,202,073
Change in value of beneficial Interests in trusts	55,772
Balance at June 30, 2023	\$ 2,257,845

NOTE I - RELATED PARTY CONTRIBUTIONS

The Organization received contributions from members of the Board of trustees and committees totaling approximately \$2,226,036 during the year ended June 30, 2023. This represents approximately 31% of total campaign support for the year ended June 30, 2023.

NOTE J - LIQUIDITY

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general expenditures within one year of the statement of financial position dates ending June 30, 2023.

Cash	\$ 6,684,959
Pledge receivable	197,209
	6,882,168
Less: Agency allocations payable	(3,934,668)
Purpose restricted net assets	(352,416)
Financial assets available at June 30, 2023	\$ 2,595,084

The Organization receives significant contributions each year from donors, which are available to meet annual cash needs for general operating expenditures. Agency allocations payable are generally paid monthly over the subsequent fiscal year. During the subsequent fiscal year, additional contributions are also received from donors.

The Organization's endowment funds consist of endowments with donor restrictions and funds designated by the Board as endowments. Income from the endowment in perpetuity with a fair value of approximately \$5.64 million may be used for general operating purposes, although the Board has a policy that limits spending to 4% of the average endowment corpus. In recent years, the Board has chosen to not use these monies. The Board-designated endowment with a fair value of approximately \$5.35 million at June 30, 2023 may be used at the discretion of the Board, although the intent is to only use amounts appropriated by the Board as part of the annual budget approval and appropriation process.

**TOWN OF PALM BEACH UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE K - RETIREMENT PLAN

The Organization has two retirement plans administered by Empower Retirement on behalf of qualified, full-time employees. The first plan is a tax-deferred annuity contract, allowing employees to defer a portion of their pay up to the maximum allowed by law and receive a matching contribution of up to 5% of their pay from the Organization. The second plan is a defined contribution plan where employee contributions are not required or permitted, and the Organization contributes 10% of an eligible employee's annual salary. During the year ended June 30, 2023, the Organization contributed \$56,603, to these two plans.

NOTE L - SUBSEQUENT EVENTS

The Organizations management has evaluated subsequent events through October 5, 2023, the date on which the financial statements were available to be issued, and determined the following events to disclose in these financial statements.

SUPPLEMENTARY INFORMATION

TOWN OF PALM BEACH UNITED WAY, INC
SCHEDULE OF ALLOCATIONS TO AGENCIES AND RESPONSE POOL
FOR THE YEAR ENDED JUNE 30, 2023

Allocations to agencies are determined each year by the Board of Trustees and are generally paid in monthly installments. The following schedule of allocations was approved for the year ended June 30, 2023, for disbursement between July 1, 2023 and June 30, 2024.

Agency Name	Allocations
2-1-1 Palm Beach / Treasure Coast	\$163,868
Achievement Centers	114,000
Adopt-A-Family	200,000
Alpert Jewish Family Service	60,000
Alzheimer's Community Care	85,000
American Association of Caregiving Youth	25,000
Arc of Palm Beach County	318,600
Arc of the Glades	20,000
AVDA	162,000
Boca Helping Hands	55,000
Boys & Girls Clubs	230,000
Caridad Center	220,000
Catholic Charities	20,000
Center for Child Counseling	75,000
Center for Family Services	45,000
Clinics Can Help	55,000
CROS Ministries	50,000
Drug Abuse Foundation	145,000
Drug Abuse Treatment Association	193,200
El Sol	50,000
Families First	105,400
Farmworkers Coordinating Council	50,000
Gulfstream Goodwill	15,000
Habitat for Humanity	18,500
Healthy Mothers Healthy Babies	37,000
HomeSafe	105,000
Legal Aid Society	65,000
Literacy Coalition	162,100
Milagro Center	93,000
Opportunity, Inc.	185,000
Subtotal	<u>\$ 3,122,668</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF PALM BEACH UNITED WAY, INC
SCHEDULE OF ALLOCATIONS TO AGENCIES AND RESPONSE POOL
FOR THE YEAR ENDED JUNE 30, 2023

Agency Name	Allocations
<i>Subtotal brought forward</i>	\$ 3,122,668
Planned Parenthood	35,000
Project LIFT	95,000
Take Stock in Children	75,000
The Glades Initiative	\$44,000
The Lord's Place	375,000
Urban Youth Impact	15,000
Vita Nova	57,000
YMCA of South Palm Beach County	15,000
YMCA of the Palm Beaches	1,000
YWCA of Palm Beach County	100,000
	\$ 3,934,668
Total Allocations	\$ 3,934,668

The accompanying notes are an integral part of these financial statements.