

**Audited Financial Statements
and Supplementary Information**

**Town of Palm Beach
United Way, Inc.**

June 30, 2021



**CALER, DONTEN, LEVINE,
COHEN, PORTER & VEIL, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF PALM BEACH UNITED WAY, INC.

AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

June 30, 2021

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the Town of Palm Beach United Way, Inc. (the "Organization", a not-for-profit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Town of Palm Beach United Way, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Report on Summarized Comparative Information

We have previously audited the Town of Palm Beach United Way, Inc.'s 2020 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated November 5, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Caleb, Dauten, Levine,
Cohen, Porter & Veil, P.A.*

West Palm Beach, Florida
October 27, 2021

TOWN OF PALM BEACH UNITED WAY, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2021 (with Comparative Totals for June 30, 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 5,191,459	\$ 5,367,035
Pledges receivable	197,266	200,742
Prepaid expenses	2,162	200
TOTAL CURRENT ASSETS	<u>5,390,887</u>	<u>5,567,977</u>
PROPERTY AND EQUIPMENT, net	28,527	17,160
OTHER ASSETS		
Beneficial interests in trusts	2,587,410	2,184,693
Cash - endowment	7,102	4,679,159
Investments - endowment	9,597,664	2,965,127
	<u>12,192,176</u>	<u>9,828,979</u>
TOTAL ASSETS	<u>\$ 17,611,590</u>	<u>\$ 15,414,116</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 18,096	\$ 13,349
Allocations to agencies	3,575,850	3,333,620
Current portion of note payable	-	39,335
TOTAL CURRENT LIABILITIES	<u>3,593,946</u>	<u>3,386,304</u>
NOTE PAYABLE, net of current portion	-	39,959
TOTAL LIABILITIES	<u>3,593,946</u>	<u>3,426,263</u>
NET ASSETS		
Without donor restrictions	7,536,543	6,146,389
With donor restrictions	6,481,101	5,841,464
TOTAL NET ASSETS	<u>14,017,644</u>	<u>11,987,853</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 17,611,590</u>	<u>\$ 15,414,116</u>

See notes to financial statements.

TOWN OF PALM BEACH UNITED WAY, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2021 (with Comparative Totals for 2020)

	2021		2020 Totals	
	Without Donor Restrictions	With Donor Restrictions		Total
REVENUE AND OTHER SUPPORT				
Campaign support	\$ 5,099,943	\$ 253,700	\$ 5,353,643	\$ 7,885,623
Less designations to non-member agencies	194,500	-	194,500	1,409,533
Campaign support, net	4,905,443	253,700	5,159,143	6,476,090
Other support	-	224,543	224,543	173,604
In-kind contributions	31,191	-	31,191	66,330
Investment income	136,906	-	136,906	84,522
PPP loan forgiveness	79,294	-	79,294	-
Net assets released from restrictions	241,323	(241,323)	-	-
Total revenue and other support	5,394,157	236,920	5,631,077	6,800,546
EXPENSES				
Program services				
Allocation to agencies and response pool	4,311,306	-	4,311,306	4,607,512
Impact 100 allocations	241,323	-	241,323	11,858
Designated contributions to member agencies	149,192	-	149,192	230,350
Total allocations and payments	4,701,821	-	4,701,821	4,849,720
Functional expenses				
Allocation and agency relations	467,998	-	467,998	478,821
Total program services	5,169,819	-	5,169,819	5,328,541
Supporting services				
Management and general	86,471	-	86,471	88,940
Fundraising	374,457	-	374,457	385,150
Total supporting services	460,928	-	460,928	474,090
Total Expenses	5,630,747	-	5,630,747	5,802,631
Change in net assets before gains and losses	(236,590)	236,920	330	997,915
GAINS AND LOSSES				
Net realized and unrealized				
gains (losses) on investments	1,644,990	-	1,644,990	(226,420)
Change in value of beneficial interest in trusts	-	402,717	402,717	(74,351)
Uncollectible pledges receivable	(18,246)	-	(18,246)	(31,154)
Total gains and losses	1,626,744	402,717	2,029,461	(331,925)
Changes in net assets	1,390,154	639,637	2,029,791	665,990
Net assets, beginning of year	6,146,389	5,841,464	11,987,853	11,321,863
Net assets, end of year	\$ 7,536,543	\$ 6,481,101	\$ 14,017,644	\$ 11,987,853

See notes to financial statements.

TOWN OF PALM BEACH UNITED WAY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021
(with Comparative Totals for 2020)

	2021				2020 Totals
	Program Services	Supporting Services		Total	
		Management and General	Fundraising		
Allocations and payments					
Allocations to agencies and response pool	\$ 4,311,306	\$ -	\$ -	\$ 4,311,306	\$ 4,607,512
Impact 100 allocations	241,323	-	-	241,323	11,858
Designated contributions to member agencies	149,192	-	-	149,192	230,350
Total allocations and payments	<u>4,701,821</u>	<u>-</u>	<u>-</u>	<u>4,701,821</u>	<u>4,849,720</u>
Functional expenses					
Personnel and related expenses					
Salaries	172,376	32,338	140,038	344,752	363,544
Health insurance	23,604	4,428	19,176	47,208	47,930
Retirement benefits	27,850	5,225	22,625	55,700	60,104
Payroll taxes	12,497	2,344	10,151	24,992	26,334
Total personnel and related expenses	<u>236,327</u>	<u>44,335</u>	<u>191,990</u>	<u>472,652</u>	<u>497,912</u>
Other expenses					
Advertising	15,609	2,928	12,680	31,217	16,424
Agency liaison	7,066	-	-	7,066	4,729
Auto expense	1,500	281	1,219	3,000	3,000
Bank charges	16,397	3,076	13,321	32,794	29,219
Computer software	9,030	1,694	7,336	18,060	17,318
Depreciation	7,229	1,356	5,872	14,457	16,426
DeTocqueville Society	281	53	228	562	7,077
Donor cultivation	2,657	499	2,159	5,315	3,206
Dues and subscriptions	45,958	8,622	37,337	91,917	38,043
Insurance	3,967	744	3,223	7,934	12,460
Office and campaign supplies	35,932	6,741	29,192	71,865	66,264
Photography and awards	150	28	122	300	2,300
Postage	5,993	1,124	4,868	11,985	7,632
Professional fees	10,683	2,004	8,678	21,365	22,070
Repairs and maintenance	12,313	2,310	10,003	24,626	24,310
Sponsored meetings and special events	35,964	6,747	29,216	71,927	107,472
Sponsored meetings and special events - in-kind	15,595	2,926	12,670	31,191	66,330
Telephone and fax	5,347	1,003	4,343	10,693	10,719
Total functional expenses	<u>467,998</u>	<u>86,471</u>	<u>374,457</u>	<u>928,926</u>	<u>952,911</u>
Total allocations, payments and functional expenses	<u>\$ 5,169,819</u>	<u>\$ 86,471</u>	<u>\$ 374,457</u>	<u>\$ 5,630,747</u>	<u>\$ 5,802,631</u>

See notes to financial statements.

TOWN OF PALM BEACH UNITED WAY, INC.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2021
(with Comparative Totals for 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Revenue collected		
Campaign and other support	\$ 5,563,416	\$ 8,061,135
Investment income	136,906	84,522
Payments for expenses		
Grants and allocations	(4,654,091)	(6,359,384)
Compensation and related expenses	(472,652)	(497,912)
Operating expenses	(407,841)	(384,286)
	165,738	904,075
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	750,000	6,503,831
Purchase of investments	(5,737,547)	(2,838,501)
Purchase of property and equipment	(25,824)	(13,217)
	(5,013,371)	3,652,113
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITY		
Proceeds from note payable	-	79,294
	-	79,294
NET CASH PROVIDED BY FINANCING ACTIVITY		
	(4,847,633)	4,635,482
INCREASE (DECREASE) IN CASH		
Cash at beginning of year	10,046,194	5,410,712
	\$ 5,198,561	\$ 10,046,194
CASH AT END OF YEAR		
Cash	\$ 5,191,459	\$ 5,367,035
Endowment cash	7,102	4,679,159
	\$ 5,198,561	\$ 10,046,194
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 2,029,791	\$ 665,990
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	14,457	16,426
Net realized and unrealized (gains) losses on investments	(1,644,990)	226,420
Change in value of beneficial interests in trusts	(402,717)	74,351
Write off of pledges receivable	18,246	31,154
Forgiveness of PPP loan	(79,294)	-
Changes in operating assets and liabilities		
(Increase) decrease in pledges receivable	(14,770)	1,908
(Increase) decrease in prepaid expenses	(1,962)	7,926
Increase (decrease) in accounts payable and accrued expenses	4,747	(8,111)
Decrease in due to other organizations	-	(175,009)
Increase in allocations to agencies	242,230	63,020
	165,738	904,075
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 165,738	\$ 904,075

See notes to financial statements.

TOWN OF PALM BEACH UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

Organization: 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 Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting and present balances and transactions of the Organization according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of net assets and transactions as without donor restrictions or with donor restrictions as follows:

Net Assets Without Donor Restrictions are resources generated from operations, without donor restrictions and lapse of purpose and time restrictions and are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions are those whose use by the Organization has been limited by donors to a specific time period, purpose or in perpetuity.

Net assets with donor restrictions are created only by donor-imposed restrictions on their use. All other net assets, including Board designated or appropriated amounts, are legally unrestricted, and are reported as net assets without donor restrictions.

Cash: 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. At June 30, 2021, operating account deposits totaled approximately \$5,236,000, which exceeded Federal Deposit Insurance Corporation (FDIC) coverage by approximately \$2,646,000. In addition, the Organization had cash deposits in endowment accounts pending investment that totaled approximately \$7,000, which were fully insured by FDIC coverage. 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.

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.

TOWN OF PALM BEACH UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges Receivable, Net: Unconditional promises to give are recorded when received as pledges receivable and are generally due within one year. Pledges receivable that are due in more than one year are recorded as changes in net assets with donor restrictions subject to donor time restrictions. Amounts receivable in more than one year are discounted to their net present value. Upon receipt of pledge payments due in more than one year, the amount is recorded as net assets released from restrictions. All pledges receivable were considered fully collectible by management within one year, therefore, no allowance for uncollectible amounts is necessary at June 30, 2021 and 2020.

Property and Equipment: The Organization capitalizes all property and equipment acquisitions in excess of \$1,000. Property and equipment are stated at cost if purchased by the Organization; or at the fair value of the asset on the date of the gift, if received as a donation. Donated assets are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Donations of property or equipment are reported as changes in net assets without donor restrictions. Depreciation is computed on a straight-line basis over the estimated useful life of the asset, generally 30 years for buildings and five years for all other property and equipment. Depreciation is allocated to program and supporting services based on the use of the property and equipment.

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, 2021, all designations have been paid.

Revenue Recognition: The Organization has two main sources of revenue: contributions and special event revenue. Contributions are recognized when 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.

TOWN OF PALM BEACH UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Contributed Goods and Services: The Organization records the value of donated services that require specialized skills and that would typically need to be purchased if not provided by donation. During the year ended June 30, 2021, the Organization received donated goods and services which are recorded as contributions at their estimated fair value. The total amount of donated goods and services was \$31,191 for the year ended June 30, 2021. This amount is recognized as both income and expense in the accompanying statement of activities.

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.

Functional Allocation of Expenses: The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses which can be specifically identified with a functional category are charged accordingly. Expenses which are not directly identifiable with a specific functional category require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes, and related benefits and other general operating costs, which are allocated on the basis of estimates of time and effort.

Advertising Expenses: Advertising expenses are charged to operations when incurred. Advertising expenses for the year ended June 30, 2021, totaled \$31,217.

Income Taxes: The Organization is a not-for-profit organization exempt from income taxes under Internal Revenue Code Section 501(c)(3). The Organization is classified as a publicly supported organization that is not a private foundation.

The Organization evaluates its uncertain tax positions in accordance with FASB ASC 740, *Income Taxes*, which states that management's determination of the taxable status of an entity, including its status as a tax-exempt entity, is a tax position subject to the standards required for accounting for uncertainty in income taxes. Management does not believe that the Organization has any significant uncertain tax positions that would be material to the financial statements. The Organization remains subject to examinations by major tax jurisdictions for tax years ending after 2017.

TOWN OF PALM BEACH UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prior Year Summarized and Comparative Totals Information: 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. generally accepted accounting principles (GAAP). Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Subsequent Events: Management has evaluated subsequent events through October 27, 2021, the date on which the financial statements were available to be issued.

Use of Estimates and Assumptions: Management uses estimates and assumptions in preparing financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

NOTE B - LIQUIDITY AND AVAILABILITY

The Organization manages its liquidity to operate within a prudent range of financial soundness and stability, and maintain adequate liquid assets to fund current operating needs. The Organization aims to keep approximately 30 days of anticipated operating expenditures in its checking account. Cash and cash equivalents above this threshold are deposited in interest bearing checking accounts and money market funds.

The following table summarizes the Organization's financial assets as of June 30, 2021 that are available to meet general operating expenditures of the subsequent year.

Cash	\$ 5,191,459
Pledges receivable	<u>197,266</u>
	5,388,725
Less: Agency allocations payable	(3,575,850)
Purpose restricted net assets	<u>(144,966)</u>
Financial assets available at June 30, 2021	\$ <u>1,667,909</u>

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 \$5.7 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

TOWN OF PALM BEACH UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE B - LIQUIDITY AND AVAILABILITY (Continued)

use these monies. The Board-designated endowment with a fair value of approximately \$5.8 million at June 30, 2021 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.

NOTE C - INVESTMENTS

Investments at June 30, 2021 are summarized as follows:

Mutual funds	
Equity	\$ 5,478,116
Fixed income	2,432,912
Exchange traded funds (ETF)	
Domestic equity	1,175,773
Certificate of deposit	<u>510,863</u>
Total investments	<u>\$ 9,597,664</u>

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 has cash totaling \$7,021 that is pending investment in accordance with the Organization's investment policy.

NOTE D - PLEDGES RECEIVABLE

Pledges receivable as of June 30, 2021, consist of promises to give due in the following year as follows:

Individuals	\$ 73,558
Corporations	<u>123,708</u>
Total	<u>\$ 197,266</u>

TOWN OF PALM BEACH UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE E - 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.

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:

1. The duration and preservation of the fund
2. The purposes of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

Endowment composition by type of fund as of June 30, 2021 was as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	
	<u>Unrestricted</u>	<u>Restricted In Perpetuity</u>	<u>Total</u>
Donor-restricted	\$ -	\$ 5,689,030	\$ 5,689,030
Board-designated	<u>5,856,041</u>	<u>-</u>	<u>5,856,041</u>
Total	<u>\$ 5,856,041</u>	<u>\$ 5,689,030</u>	<u>\$ 11,545,071</u>

TOWN OF PALM BEACH UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE E - ENDOWMENTS (Continued)

Changes in endowment net assets for the fiscal year ended June 30, 2021 consisted of the following:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	
	<u>Unrestricted</u>	<u>Restricted In Perpetuity</u>	<u>Total</u>
Balance at July 1, 2020	\$ 4,149,261	\$ 5,171,036	\$ 9,320,297
Contributions	-	253,700	253,700
Investment return			
Investment income, net of fees	61,790	-	61,790
Net realized/unrealized gains	<u>1,644,990</u>	<u>-</u>	<u>1,644,990</u>
Total investment return	1,706,780	-	1,706,780
Change in value of beneficial interest in trust	<u>-</u>	<u>264,294</u>	<u>264,294</u>
Balance at June 30, 2021	<u>\$ 5,856,041</u>	<u>\$ 5,689,030</u>	<u>\$ 11,545,071</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, 2021.

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.

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.

TOWN OF PALM BEACH UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE E - ENDOWMENTS (Continued)

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 2021.

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2021:

Building and improvements	\$ 296,056
Equipment	<u>159,592</u>
	455,648
Accumulated depreciation	<u>(427,121)</u>
Property and equipment, net	<u>\$ 28,527</u>

Depreciation expense for 2021 was \$14,457.

NOTE G - BENEFICIAL INTERESTS IN TRUSTS

Beneficial interests in trusts with donor restrictions consist of the following at June 30, 2021:

Time Restricted

The Organization is the beneficiary of the following trusts that are classified as 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 (at a discount rate of 5.0% at June 30, 2021) of the remainder interest over the estimated life expectancy of the current beneficiary.	\$ 134,183
33% beneficial interest in a charitable remainder unitrust. The trust interest is valued based upon the estimated discounted cash flow (at a discount rate of 6.7% at June 30, 2021) of the remainder interest over the estimated life expectancy of the current beneficiary.	<u>512,922</u>
Total Time Restricted Beneficial Interests in Trusts	647,105

TOWN OF PALM BEACH UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE G - BENEFICIAL INTERESTS IN TRUSTS (Continued)

Perpetually Restricted

The Organization is the beneficiary of the following trusts that are classified as 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. \$ 1,721,691

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 Organization's proportionate share of the fair value of the underlying assets held in the trust. 218,614

Total Perpetually Restricted Beneficial Interests in Trusts 1,940,305

Total Beneficial Interests in Trusts \$ 2,587,410

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.

NOTE H - FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a consistent framework for measuring fair value that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2: Inputs, other than quoted prices included within Level 1, that are observable for the assets or liabilities, either directly or indirectly.

Level 3: Inputs are unobservable for the assets or liabilities.

TOWN OF PALM BEACH UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE H - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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:

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: Valued at the closing price of the funds as reported on a national stock exchange.

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, 2021.

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, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Mutual funds	\$ 7,911,028	\$ -	\$ -	\$ 7,911,028
Exchange traded funds	1,175,773	-	-	1,175,773
Beneficial interests in trusts	-	-	2,587,410	2,587,410
Total Fair Value	<u>\$ 9,086,801</u>	<u>\$ -</u>	<u>\$ 2,587,410</u>	<u>\$ 11,674,211</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.

TOWN OF PALM BEACH UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE H - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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, 2021:

	<u>Beneficial Interests in Trusts</u>
Balance at July 1, 2020	\$ 2,184,693
Change in value of beneficial Interests in trusts	<u>402,717</u>
Balance at June 30, 2021	<u>\$ 2,587,410</u>

NOTE I - PAYCHECK PROTECTION PROGRAM (PPP) LOAN

In April 2020, the Organization received a Small Business Administration (SBA) Paycheck Protection Program ("PPP") loan for \$79,294 which was used for payroll and related benefits. The PPP loan was fully forgiven on April 15, 2021 under the terms of the program. The PPP loan forgiveness of \$79,294 is included in revenues in the statement of activities for the year ended June 30, 2021.

NOTE J - NET ASSETS

As of June 30, 2021, the Organization's net assets consist of the following:

Without Donor Restrictions	
Undesignated	\$ 1,680,502
Board designated endowment	<u>5,856,041</u>
Total Net Assets Without Donor Restrictions	<u>\$ 7,536,543</u>
With Donor Restrictions	
Time restricted beneficial interests in trusts	\$ 647,105
Purpose restricted - Impact Fund	144,966
<i>Restricted in perpetuity</i>	
Beneficial interests in perpetual trusts	1,940,305
Endowment investments in perpetuity	<u>3,748,725</u>
Net assets restricted in perpetuity	<u>5,689,030</u>
Total Net Assets With Donor Restrictions	<u>\$ 6,481,101</u>

TOWN OF PALM BEACH UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE J - NET ASSETS (Continued)

As of June 30, 2021, the Organization's net assets with donor restrictions consist of the following:

	<u>Time and Purpose Restricted</u>	<u>Perpetually Restricted</u>	<u>Total With Donor Restrictions</u>
Beneficial interests in trusts	\$ 647,105	\$ 1,940,305	\$ 2,587,410
Cash	144,966	-	144,966
Investments	<u>-</u>	<u>3,748,725</u>	<u>3,748,725</u>
	<u>\$ 792,071</u>	<u>\$ 5,689,030</u>	<u>\$ 6,481,101</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 K - PENSION PLAN

The Organization has two pension 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, 2021, the Organization contributed \$55,700 to these two plans.

NOTE L - RELATED PARTY CONTRIBUTIONS

The Organization received contributions from members of the Board of Trustees and committees totaling approximately \$1,926,000 during the year ended June 30, 2021. This represents approximately 36% of total campaign support.

SUPPLEMENTARY INFORMATION



Independent Auditor's Report
on Supplementary Information

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

We have audited the financial statements of the Town of Palm Beach United Way, Inc. (the "Organization"), as of and for the year ended June 30, 2021, and have issued our report thereon dated October 27, 2021, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The schedule of allocations to agencies and response pool on pages 20 and 21 is presented for the purpose 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 U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Caler, Donten, Levine,
Cohen, Porter & Veil, P.A.*

West Palm Beach, Florida
October 27, 2021

TOWN OF PALM BEACH UNITED WAY, INC.

SCHEDULE OF ALLOCATIONS TO AGENCIES AND RESPONSE POOL

Year Ended June 30, 2021

Allocations to agencies are determined each year by the Board of Trustees and are generally paid in monthly installments. The following allocations were approved for the year ended June 30, 2021, for disbursement between July 1, 2021 and June 30, 2022.

Agency	Allocations
2-1-1 Palm Beach/Treasure Coast	\$ 180,450
Achievement Center	100,000
ARC of the Glades	35,000
ARC of Palm Beach County	197,600
Adopt-A-Family	200,000
Aid to Victims of Domestic Abuse	167,000
Alpert Jewish Family & Children's Services	60,500
Alzheimer's Community Care	80,000
Association for Caregiving Youth	20,000
Boys & Girls Clubs of Palm Beach County	200,000
Caridad Center	180,000
Catholic Charities	10,000
Center for Child Counseling	60,000
Center for Family Services	27,500
Clinics Can Help	42,400
CROS	40,000
Drug Abuse Foundation	100,000
Drug Abuse Treatment Association	184,000
El Sol	45,000
Families First of Palm Beach County	90,400
Farmworkers Coordinating Council	110,000
Feeding South Florida	55,000
The Glades Initiative	42,500
Gulfstream Goodwill Industries	38,000
Habitat for Humanity	7,500
Healthy Mothers/Healthy Babies	35,000
Homeless Coalition	15,000
Home Safe	92,500
Legal Aid Society	65,000
Lord's Place	210,000
Milagro Center	67,000
Opportunity, Inc.	160,000

(continued)

TOWN OF PALM BEACH UNITED WAY, INC.

SCHEDULE OF ALLOCATIONS TO AGENCIES AND RESPONSE POOL (CONTINUED)

Year Ended June 30, 2021

Agency	Allocations
Palm Beach Habilitation Center	\$ 242,000
Palm Beach County Food Bank	15,000
Palm Beach County Literacy Coalition	117,500
Planned Parenthood	35,000
Seagull Industries	52,000
Take Stock in Children	65,000
Urban Youth Impact	25,000
YMCA of the Palm Beaches	2,000
YWCA of Palm Beach County	10,000
YMCA of South Palm Beach County	95,000
Total allocations for July 1, 2021, through June 30, 2022	3,575,850
Response Pool amounts expended during 2021	735,456
Total allocation to agencies and response pool	\$ 4,311,306