TOWN OF PALM BEACH UNITED WAY, INC.

REPORT ON AUDIT OF FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees 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 not-for-profit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, cash flows and functional expenses 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, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Town of Palm Beach United Way, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement 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.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of allocation to agencies and response pool is presented for the 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.

Holyfield & Thomas, LLC

West Palm Beach, Florida
October 31, 2024

As of June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Totals
ASSETS			
Cash and cash equivalents	$ 4,358,060	$ 175,000	$ 4,533,060
Certificate of deposit	531,333	-	531,333
Investments	2,617,204	-	2,617,204
Pledges receivable	168,003	-	168,003
Prepaid expenses	6,303	-	6,303
Total current assets	7,680,903	175,000	7,855,903
Cash designated - Impact 100	334,803	-	334,803
Investments in endowments	5,930,250	4,115,287	10,045,537
Beneficial interest in trusts	-	2,696,681	2,696,681
Property and equipment, net	3,859	-	3,859
Total assets	$ 13,949,815	$ 6,986,968	$ 20,936,783
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts payable and accrued expenses	$ 13,330	$ -	$ 13,330
Allocations to agencies	3,906,000	-	3,906,000
Total current liabilities	3,919,330	-	3,919,330
Agency payable - Impact 100	334,803	-	334,803
Total liabilities	4,254,133	-	4,254,133
Net assets	9,695,682	6,986,968	16,682,650
Total liabilities and net assets	$ 13,949,815	$ 6,986,968	$ 20,936,783

See accompanying notes to financial statements.

For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Totals
Operating activities:			
Support and revenues:			
Campaign contributions	$ 6,280,689	$ 175,000	$ 6,455,689
Less designations to non-member agencies	234,800	-	234,800
Net campaign contributions	6,045,889	175,000	6,220,889
In-kind contributions	167,519	-	167,519
Interest income	207,355	-	207,355
Total support and revenues	6,420,763	175,000	6,595,763
Expenses:			
Program services:			
Allocation to agencies and response pool	4,029,603	-	4,029,603
Designated contributions to member agencies	420,385	-	420,385
Allocation and agency relations	652,350	-	652,350
Total program services	5,102,338	-	5,102,338
Supporting services:			
Management and general	121,547	-	121,547
Fundraising	557,551	-	557,551
Total expenses	5,781,436	-	5,781,436
Change in net assets from operations	639,327	175,000	814,327
Non-operating activities:			
Contributions to endowment	-	108,362	108,362
Investment income, net	255,548	-	255,548
Net realized and change in unrealized gain	844,450	-	844,450
Change in value of beneficial interest in trusts	-	214,719	214,719
Change in net assets from non-operations	1,099,998	323,081	1,423,079
Change in net assets	1,739,325	498,081	2,237,406
Net assets, beginning of year (as restated)	7,956,357	6,488,887	14,445,244
Net assets, end of year	$ 9,695,682	$ 6,986,968	$ 16,682,650

See accompanying notes to financial statements.

For the Year Ended June 30, 2024

Cash flows from operating activities:	
Cash received from campaign contributions, net	$ 6,233,111
Cash paid for allocations	(4,478,656)
Cash paid to suppliers and employees	(1,122,737)
Interest income	207,355
Net cash provided by operating activities	839,073
Cash flows from investing activities:	
Contributions to endowment	108,362
Sale of investments	8,036,993
Purchase of investments	(8,535,752)
Investment income, net	255,548
Purchase of property and equipment	(2,540)
Net cash used in investing activities	(137,389)
Cash flows from financing activities:	
Change in agency payable - Impact 100	(17,610)
Net cash used in financing activities	(17,610)
Net change in cash and cash equivalents	684,074
Cash and cash equivalents, beginning of year	4,183,789
Cash and cash equivalents, end of year	$ 4,867,863

Supplementary disclosure:
For purpose of the statement of cash flows, cash and cash equivalents consisted of the following:

Cash and cash equivalents	$ 4,533,060
Cash designated - Impact 100	334,803
	$ 4,867,863

See accompanying notes to financial statements.

For the Year Ended June 30, 2024

Reconciliation of change in net assets from operations to net cash provided by operating activities:	
Change in net assets from operations	$ 814,327
Adjustments to reconcile change in net assets from operations to net cash provided by operating activities:	
Depreciation	8,476
Write off of pledges receivable	16,984
(Increase) decrease in certain assets:	
Pledges receivable	12,222
Prepaid expenses	11,334
Increase (decrease) in certan liabilities:	
Accounts payable and accrued expenses	4,398
Allocations to agencies	(28,668)
Net cash provided by operating activities	$ 839,073

See accompanying notes to financial statements.

For the Year Ended June 30, 2024

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Totals
Allocations and payments:				
Allocations to agencies and response pool	$4,029,603	$ -	$ -	$4,029,603
Designated contributions to member agencies	420,385	-	-	420,385
Total allocations and payments	4,449,988	-	-	4,449,988
Functional expenses:				
Salaries	199,550	39,910	159,640	399,100
Health insurance	27,688	5,538	22,150	55,376
Retirement benefits	29,933	5,987	23,946	59,866
Payroll taxes	14,885	2,977	11,908	29,770
Total personnel and related expenses	272,056	54,412	217,644	544,112
Other expenses				
Advertising	10,110	2,022	8,088	20,220
Agency liaison	7,799	-	-	7,799
Auto expense	1,750	350	1,400	3,500
Bad debt expense	-	16,984	-	16,984
Bank charges	13,670	2,734	10,935	27,339
Computer software	9,721	1,944	7,776	19,441
DeTocqueville Society	7,156	1,431	5,725	14,312
Donor cultivation	4,079	816	3,263	8,158
Dues and subscriptions	54,233	7,231	10,846	72,310
In-kind expenses	7,500	-	160,019	167,519
Insurance	3,917	783	3,134	7,834
Office and campaign supplies	41,374	8,275	33,099	82,748
Photography and awards	1,593	319	1,274	3,186
Printing and postage	8,754	1,751	7,002	17,507
Professional fees	11,998	2,400	9,597	23,995
Repairs and maintenance	15,310	3,062	12,247	30,619
Sponsored meetings and special events	171,525	14,411	57,642	243,578
Depreciation	3,899	1,441	3,136	8,476
Telephone and fax	5,906	1,181	4,724	11,811
Total functional expenses	652,350	121,547	557,551	1,331,448
Total expenses	$5,102,338	$ 121,547	$ 557,551	$5,781,436

See accompanying notes to financial statements.

1. *Description of Organization*

The Town of Palm Beach United Way, Inc. (the "Organization") is a not-for-profit corporation exempt from federal income taxes 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 County, Florida. The Organization's mission is to create long-lasting and measurable change that improve lives and build strong communities throughout Palm Beach County by ensuring everyone has access to the building blocks for a good quality of life, education, health, and financial stability. The Organization conducts an annual fundraising campaign to obtain funds for investment in a variety of programs. Donors who contributed $10,000 or more annually have the option to designate a portion of their contributions to a specific charitable organization.

2. *Summary of Significant Accounting Policies*

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with the disclosure and display requirements of the Financial Accounting Standards Board (FASB) as set forth under FASB Accounting Standards Codification (FASB ASC) 958-205 *Not-for-Profit Entities, Presentation of Financial Statements*. Accordingly, the net assets of the Organization are reporting in each of the following classes:

> Net assets without donor restrictions – Include financial resources that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of Organization's management and the Board of Trustees.
>
> Net assts with donor restrictions – Include financial resources that are subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) generally 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 public support and revenue, and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers cash held in checking and money market accounts, and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents, other than those held as part of the Organization's investment and endowment portfolios.

2. <u>Summary of Significant Accounting Policies</u>, continued

Certificate of Deposit

The Organization's certificate of deposit has an initial maturity of eleven months and, therefore, is not considered cash and cash equivalents. The stated rate of interest for the certificate of deposit is 4.25%.

Investments

The Organization reports investments at fair value. Investments as of June 30, 2024 consist primarily of cash and cash equivalents, exchange-traded funds, mutual funds, and US Treasury notes. Cash and cash equivalents accounts maintained by the Organization's investment portfolio are part of the Organization's investment policy and are classified as investments.

Investments in endowments include both Board designated and donor restricted endowment assets and are managed in accordance with Board approved investment and spending policies. Non-operating investment income consists of interest and dividend income, realized and unrealized gains and losses, net of $25,000, in external and direct internal investment expenses, from the investment in endowments. Non-operating investment income is reported in the statement of activities as a change in net assets without donor restrictions, unless the use of the income is limited by donor-imposed restrictions.

Pledges Receivable

Pledges receivable in the accompanying statement of financial position consist of donor's unconditional promises to give that are recognized as revenue and receivable in the period the promise is received. The Organization recognizes pledges receivable at estimated net realizable value for pledges due within one year. Pledges receivable with payment terms in excess of one year are recorded at the present value of the expected future cash flows. Amortization of the discounts, if any, related to the pledges receivable is recognized over the period of the promise as a contribution. No allowance was deemed necessary for pledges receivable as they were deemed fully collectible by management.

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.

Beneficial Interest in Trusts

The Organization is a residual beneficiary of split-interest agreements whereby another entity serves as trustee. The Organization's split-interest agreements include two (2) charitable remainder trusts, and three (3) perpetual income trusts held by third parties. Split-interest agreements are unconditional promises by the donor to provide future funding to the Organization. Recognized when the promise is received, these beneficial interests in trusts are recorded at fair value.

The fair value of the charitable remainder trusts is computed as the present value of the future distribution projected to be received upon termination of the trust, discounted at a rate that equals the assumed growth rate. The fair value of the perpetual income trusts is estimated using the Organization's percentage interest of the current undiscounted fair value of the trust assets.

Changes in the fair values of the Organization's benefit interest under the charitable remainder and perpetual income trust arrangements are recorded in the statement of activities as net assets with donor restrictions with the caption "change in value of beneficial interest in trusts."

2. Summary of Significant Accounting Policies, continued

Agency Transaction – Impact 100

The Organization acts as an agent for Impact 100 Palm Beach County (an unincorporated association) collecting and disbursing funds on its behalf. The Organization has no discretionary powers over these funds and is to administer the programs according to the terms of the agreement. The Organization follows FASB ASC 958-605, *Not-for-Profit Entities, Revenue Recognition*, to account for these funds and does not recognize revenue or expense in these financial statements.

For the year ended June 30, 2024, the Organization collected approximately $529,000 and disbursed approximately $547,000. As of June 30, 2024, the Organization held approximately $335,000 in funds collected but not yet disbursed. This amount is reflected as an asset under the caption “Cash designated – Impact 100” and as an offsetting liability under the caption “Agency payable – Impact 100” in the statement of financial position.

Property and Equipment

Property and equipment are stated at cost or, if donated, at fair value at the date of donation. The Organization capitalizes all expenditures for property and equipment whose cost is equal to or in excess of $1,000 and whose useful life is greater than one year. Depreciation is computed by the straight-line method over the following estimated useful lives of the assets:

	Years
Building and improvements	30
Equipment	3 - 5

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. As of June 30, 2024, allocations to agencies was $3,906,000.

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, 2024, all designations have been paid.

2. Summary of Significant Accounting Policies, continued

Revenue Recognition

The Organization's recognizes contribution support in accordance with FASB ASC 958, *Not-For-Profit Entities*. Contributions received are recognized at fair value, as are unconditional promises to give when the promise is made. Contributions that are to be collected more than one year in the future are recorded at their discounted present value. All contributions are considered to be available for general use unless specifically restricted by the donor. Amounts received that are restricted for future periods (time restriction) or are restricted by the donor for specific purposes (purpose restriction) are reported as increases to net assets with donor restrictions. All pledged amounts accounted for as campaign contributions are considered to be time restricted by donors since amounts are unconditional promises to give with payments due in future periods. Cash contributions received with no donor stipulations are recorded as increases to net assets without donor restrictions upon receipt of the gifts.

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 are reported in the statement of activities as "net assets released from restrictions."

The Organization is a beneficiary under various wills and trust agreements. Related amounts are recorded when either a will is declared valid by a probate court or the Organization is notified as being an irrevocable beneficiary of a trust, and the expected proceeds are measurable.

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.

Donated Services and Materials (In-kind contributions)

Donated services and goods are recognized as contributions in accordance with FASB ASC 958-605, *Revenue Recognition*, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased.

Fair value techniques and inputs are as follows:

> *Donated materials and supplies* – Valued based on the estimated price of identical or similar products if purchased in the local area.
>
> *Advertising* – Valued at the estimated fair value of the advertising by obtaining the selling price of the advertising spaces of similar size and duration of advertisement by publishers.
>
> *Special events* – Donated materials and supplies are valued based on the estimated price of identical or similar products if purchased in the local area.

2. Summary of Significant Accounting Policies, continued

Donated Services and Materials (In-kind contributions), continued

The total amount of donated services and goods received during the year ended June 30, 2024, are as follows:

Category of donation	Donor Restriction	Utilization in Program / Activities	Revenue Recognized
Donated materials and supplies	None	Program activities	$ 7,500
Advertising	None	Fundraising	13,800
Special events	None	Fundraising	146,219
			$ 167,519

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 the difficulty in establishing a value for these non-professional services, the value of this contributed time is not reflected in these statements.

Advertising

Advertising cost is charged to operations when incurred. During the year ended June 30, 2024, the Organization incurred $34,020 in advertising cost, which is reported as advertising ($20,220) and in-kind expenses ($13,800) in the statement of functional expenses.

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, *Income Taxes*, which require that a tax provision be recognized or derecognized based on a “more likely than not” threshold. This threshold 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. There are no tax filings currently under examination and the Organization is no longer subject to Internal Revenue Service tax examinations for years prior to 2020.

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.

3. *Liquidity and Availability of Resources*

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

Cash and cash equivalents	$ 4,358,060
Certificate of deposit	531,333
Investments	2,617,204
Pledges receivable	168,003
Total financial assets available to meet general expenditures over the next 12 months	$ 7,674,600

Donors provide the Organization each year with significant contributions, 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 funds designated by the Board as endowment, and endowment funds with donor restrictions. The Board designated endowment 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. Income from the endowment with donor restrictions of $4,115,287 may be used for general operating purposes, although the Board has a policy that limits spending to 4% of the annual average endowment corpus. In recent years, the Board has chosen to not use these monies.

4. *Fair Value of Measurements*

The Organization uses a three-tier hierarchy established by FASB ASC 820-10, *Fair Value Measurement,* 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.

4. Fair Value of Measurements, continued

Fair Value of Financial instruments: The following methods and assumptions were used by the Organization in estimating fair value of financial instruments that are not disclosed under ASC 820.

Cash and cash equivalents – The carrying amount reported approximates fair value.

Pledges receivable – The carrying amount reported approximates fair value due to the short-term duration of the instrument.

Accounts payable, accrued expenses, allocations to agencies, and agency payable – The carrying amount reported approximates fair value due to the nature of the instrument.

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:

Investments:

Cash equivalents – The carrying amount reported approximates fair value.

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

Equity and Fixed income Mutual funds – Valued at the net asset value (NAV) of the shares held by the custodian at year end as reported on the national exchange on which the funds are traded.

US Treasury notes – Valued at the closing price as reported by the custodian.

Beneficial interests in trusts:

Charitable remainder trusts – Valued at the fair value of the investments of the trust as quoted on a national exchange, less the present value of future cash distributions to be paid over the life expectancy of designated beneficiaries, discounted at a rate approximating current market rates.

Perpetual income trusts – Valued based on the Organization's proportionate share of the fair value of the underlying pooled investments reported by the custodian.

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, 2024.

4. Fair Value of Measurements, continued

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 as of June 30, 2024:

	Level 1	Level 2	Level 3	Total
Investments:				
Cash equivalents	$ 333,451	$ -	$ -	$ 333,451
Exchange-traded funds (ETF)	1,158,380	-	-	1,158,380
Mutual funds:				
Equity funds	6,261,126	-	-	6,261,126
Fixed income funds	2,328,012	-	-	2,328,012
US Treasury notes	2,581,772	-	-	2,581,772
Total investments	12,662,741	-	-	12,662,741
Beneficial interest in trusts:				
Charitable remainder trusts	-	-	702,470	702,470
Perpetual income trusts	-	-	1,994,211	1,994,211
Total beneficial interest in trusts	-	-	2,696,681	2,696,681
Total fair value	$ 12,662,741	$ -	$ 2,696,681	$ 15,359,422

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, 2024:

	Charitable Remainder Trusts	Perpetual Income Trusts	Total
Balance, beginning of year	$ 618,125	$ 1,863,837	$ 2,481,963
Issuances	-	-	-
Settlements	-	-	-
Change in present value	84,345	130,374	214,719
Balance, end of year	$ 702,470	$ 1,994,211	$ 2,696,681

FASB ASC 820-10 requires disclosure of quantitative information about the unobservable inputs used to measure Level 3 assets and liabilities. The following table provides information about Level 3 assets:

	Fair Value	Valuation Techniques	Unobservable Inputs
Charitable remainder trusts	$ 702,470	Discounted cash flows, 3rd party valuation pricing	Life expectancy, discount rate, and estimated growth
Perpetual income trusts	1,994,211	Percentage of fair value of assets held in trust	Discount rate and estimated growth
Total Level 3 assets	$ 2,696,681		

5. Investments

Investments as of June 30, 2024, are classified as follows:

Cash equivalents	$ 333,451
Exchange-traded funds (ETF)	1,158,380
Mutual funds:	
Equity funds	6,261,126
Fixed income funds	2,328,012
US Treasury notes	2,581,772
Total Investments	$ 12,662,741

Investments are reported in the statement of financial position as follows:

Investments	$ 2,617,204
Investments in endowments	10,045,537
Total Investments	$ 12,662,741

6. Investments in 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. GAAP, 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 donor-restricted endowment funds 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 improves 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 adopted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA), which provides a) consistent investment and spending standards to all forms of charitable funds, b) strengthens the concept of prudent investing, c) abandons historic dollar value as a floor for expenditures and provides more flexibility to the organization in making decisions about whether to expend any portion of an endowment fund, and d) provides a process for the release or modification of restrictions on a gift instrument. The adoption by the Organization of the provisions of the new law did not have a significant change in its management and investment policies of endowments.

As a result of this interpretation, the Organization classifies as net assets restricted in perpetuity by donor (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets restricted in perpetuity by donor is classified as net assets restricted for a specific purpose by donor until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence.

6. *Investments in Endowments, continued*

The Organization considers the following factors in making a determination to appropriate or accumulate 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 or deflation
- The expected total return from income and the appreciation (depreciation) of investments
- Other resources of the Organization
- The investment policies of the Organization

Endowment net assets by type of fund as of June 30, 2024, consisted of the following:

	Board Designated Endowment	With Donor Restrictions	Total
Donor restricted	$ -	$ 4,115,287	$ 4,115,287
Board designated	5,930,250	-	5,930,250
Total endowment funds	$ 5,930,250	$ 4,115,287	$ 10,045,537

Changes in the endowment net assets for the year ended June 30, 2024, consisted of the following:

	Board Designated Endowment	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 4,830,252	$ 4,006,925	$ 8,837,177
Investment return:			
Investment income	280,548	-	280,548
Investment expenses	(25,000)	-	(25,000)
Net appreciation	844,450	-	844,450
Total investment return	1,099,998	-	1,099,998
Contributions	-	108,362	108,362
Appropriations of endowment assets for expenditures	-	-	-
Endowment net assets, end of year	$ 5,930,250	$ 4,115,287	$ 10,045,537

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. GAAP, 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, 2024.

6. Investments in Endowments, continued

Investment objectives

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

- 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
- 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 to be in mutual funds and exchange-traded funds that 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 general operations. 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 general operations. The Board decided not to transfer any monies out of the Endowment Fund for the fiscal year ending 2024.

7. 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, 2024, consisted of promises to give due in the following year from individual and corporate donors. As of June 30, 2024, the total pledge receivables were $168,003. 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.

8. ***Property and Equipment***

As of June 30, 2024 the classifications of property and equipment consisted of the following:

Building and improvements	$ 303,028
Equipment	162,132
	465,160
Less accumulated depreciation	461,301
Property and equipment, net	$ 3,859

9. ***Beneficial Interest in Trusts***

Charitable Remainder Trusts

The Organization has been named a remainder beneficiary of two charitable remainder trusts. These charitable remainder trusts provide for the payment of distributions of trust assets to the grantor's beneficiary. Upon the death of the beneficiary, a percentage of the remaining principal in the charitable remainder trusts will be distributed to the Organization. The Organization's beneficial interest in these charitable remainder trusts has been recognized based on the present value of the expected future cash flows.

The expected future cash flows are based on the fair market value of the charitable remainder trust assets as of June 30, 2024. Changes in the value of the beneficial interest in charitable remainder trusts have been reported in the statement of activities as an increase in net assets with donor restrictions. The beneficial interest in charitable remainder trusts consist of the following net assets with donor restrictions amounts as of June 30, 2024:

Charitable remainder trusts expected in one to ten years	$ 796,177
Discount to fair value the charitable remainder trusts expected in one to ten years	(93,707)
Total beneficial interest in charitable remainder trusts	$ 702,470

Perpetual Income Trusts

The Organization has also been named as an income beneficiary of three trusts that have no established termination date, for which the Organization has the irrevocable right to receive income earned on the trust assets in perpetuity. The Organization recognized an asset for the sum of these trusts equal to its share of the current undiscounted value of the trust assets. As of June 30, 2024, the total amount recognized for these perpetual trusts was $1,994,211.

10. ***Net Assets***

As of June 30, 2024, the Organization's net assets consist of the following:

Net assets without donor restrictions:	
Undesignated	$ 3,765,432
Board designated endowment	5,930,250
Total net assets without donor restrictions	$ 9,695,682

10. *Net Assets, continued*

Net assets with donor restrictions:	
Subject to expenditures for a specific purpose:	
Designated contribution to member agencies	$ 175,000
Subject to the passage of time:	
Beneficial interest in charitable remainder trusts	702,470
Perpetual in nature:	
Beneficial interest in perpetual income trusts	1,994,211
Donor restricted endowment	4,115,287
Total perpetual in nature	6,109,498
Total net assets with donor restrictions	$ 6,986,968

11. Prior Period Adjustments

During the year ended June 30, 2024, management deemed it necessary to reclassify the Organization's transactions with Impact 100 Palm Beach County in the financial statements, which were previously reported as contributions with donor restrictions and allocation expenditures. In accordance with FASB ASC 958-605-25-24, *Revenue Recognition*, these types of transactions are required to be recorded as assets and offsetting liabilities in the financial statements. As a result, net assets with donor restrictions at the beginning of the year was decreased by $(352,413) to record the net activity with Impact 100 Palm Beach County as an Agency Payable.

During the year ended June 30, 2024, management also deemed it necessary to correct the financial statements with regards to a beneficial interest in a perpetual income trust that was not recorded in the financial statements. As a result, net assets with donor restrictions at the beginning of the year was increased by $224,117 to record the amount beneficial interest on this perpetual income trust.

12. *Retirement Plan*

The Organization provides a 403(b) defined contribution retirement plan, available to all employees who have attained 21 years of age and have completed one year of service. The plan was most recently restated on January 1, 2020. Employees can make voluntary contributions up to federally designated limits. The Organization currently matches 100% of the employee deferrals up to 5% of compensation. In addition, the plan provides for nonelective contributions at a fixed rate of 10% of each employee's compensation per plan year. Employees are immediately vested in all accounts. During the year ended June 30, 2024, the Organization contributed $59,866 to the plan.

13. Related Party Contributions

The Organization received contributions from members of the Board of Trustees totaling approximately $2,018,700 during the year ended June 30, 2024. This amount represents approximately 32% of total campaign support for the year ended June 30, 2024.

14. Business and Credit Concentration

The Organization maintains its cash in bank deposit and brokerage accounts, which, at times, may exceed federally insured limits. Bank deposit accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. As of June 30, 2024, there was approximately $2,550,000 in bank deposit accounts that exceeded the FDIC limits. Balances at brokerage accounts are guaranteed by the Securities Investor Protection Corporation (SIPC) up to $500,000, which includes a $250,000 limit for cash. As of June 30, 2024, the security balances exceeded the SIPC insurance limit.

The Organization periodically evaluates the financial condition of its financial 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.

15. Subsequent Events

The Organization's management has evaluated subsequent events through October 31, 2024, the date on which the financial statements were available to be issued, and determined there were no further disclosures required to be disclosed in these financial statements.

SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2024

Allocations to agencies are determined each year by the Board of Trustees and are generally paid in monthly installments. The following amounts were approved for the year ended June 30, 2024, for disbursement between July 1, 2024 and June 30, 2025.

Agency Name	Allocation
211 Palm Beach / Treasure Coast	$ 155,500
Achievement Centers	146,000
Adopt-A-Family	220,000
Alpert Jewish Family Service	75,000
Alzheimer's Community Care	85,000
American Association of Caregiving Youth	25,000
Arc of the Glades	40,000
Aid to Victims of Domestic Abuse	180,000
Boca Helping Hands	50,000
Boys and Girls Clubs	210,000
Caridad Center	245,000
Catholic Center	35,000
Center for Child Counseling	71,000
Center for Family Services	45,000
Clinics Can Help	60,000
CROS Ministries	50,000
Drug Abuse Foundation	159,000
Drug Abuse Treatment Association	203,000
El Sol	55,000
Families First	119,000
Farmworkers' Coordinating Council	77,000
Healthy Mothers/Healthy Babies	37,000
HomeSafe	100,000
Legal Aid Society	73,000
Literacy Coalition	178,000
Milagro Center	125,000
Opportunity	185,000
Palm Beach County Food Bank	50,000
Planned Parenthood	35,000
Project LIFT	95,000
Take Stock in Children	83,000
The Glades Initiative	55,000
The Lord's Place	375,000
Urban Youth Impact	17,500
Vita Nova	57,000
Y.M.C.A. of South Palm Beach County	20,000
Y.W.C.A. of Palm Beach County	115,000
Total allocations for July 1, 2024 - June 30, 2025	3,906,000
Response Pool	123,603
Total allocation to agencies and response pool	$ 4,029,603

See independent auditor's report.