

**UNITED WAY CALIFORNIA  
CAPITAL REGION AND  
AFFILIATE**

**CONSOLIDATED FINANCIAL  
STATEMENTS WITH INDEPENDENT  
AUDITOR'S REPORT**

**YEARS ENDED  
JUNE 30, 2023 AND 2022**

# UNITED WAY CALIFORNIA CAPITAL REGION AND AFFILIATE

## TABLE OF CONTENTS JUNE 30, 2023 AND 2022

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	<u>PAGE</u>
Independent Auditor's Report .....	1
Financial Statements:	
Consolidated Statements of Financial Position .....	3
Consolidated Statements of Activities .....	4
Consolidated Statements of Functional Expenses .....	6
Consolidated Statements of Cash Flows .....	8
Notes to Consolidated Financial Statements .....	9
Supplementary Information:	
United Way California Capital Region Statement of Financial Position.....	16
United Way California Capital Region Statement of Activities.....	17
Sacramento Foundation Statement of Financial Position.....	18
Sacramento Foundation Statement of Activities .....	19

## **INDEPENDENT AUDITOR'S REPORT**

**Board of Directors  
United Way California Capital Region  
Sacramento, California**

### **Opinion**

We have audited the accompanying consolidated financial statements of United Way California Capital Region and Affiliate (collectively the Organization), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits 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 Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 judgment made by a reasonable user based on the consolidated 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 consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental financial statements on pages 16 through 19 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

*Gilbert CPAs*

**GILBERT CPAs**  
**Sacramento, California**

**January 16, 2024**

# UNITED WAY CALIFORNIA CAPITAL REGION AND AFFILIATE

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION JUNE 30, 2023 & 2022

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 1,253,791	\$ 1,000,000
Campaign pledges receivable, net of allowance for uncollectible pledges of \$563,595 for 2023 and \$510,298 for 2022	2,920,117	3,320,252
Grants receivable	780,493	566,450
Employee Retention Tax Credit receivable	221,030	
Prepaid expenses and other assets	<u>93,127</u>	<u>49,473</u>
Total current assets	5,268,558	4,936,175
<b>NONCURRENT ASSETS:</b>		
Investments	19,392,922	20,259,874
Property and equipment, net	<u>1,374,960</u>	<u>1,455,275</u>
<b>TOTAL ASSETS</b>	<u>\$ 26,036,440</u>	<u>\$ 26,651,324</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Designation distributions payable to agencies	\$ 4,377,298	\$ 3,951,041
Accounts payable	467,162	476,155
Accrued expenses	147,288	192,043
Refundable advances	<u>120,000</u>	<u></u>
<b>TOTAL LIABILITIES</b>	<u>5,111,748</u>	<u>4,619,239</u>
<b>NET ASSETS:</b>		
Without donor restrictions	9,093,481	10,373,533
With donor restrictions	<u>11,831,211</u>	<u>11,658,552</u>
Total net assets	<u>20,924,692</u>	<u>22,032,085</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 26,036,440</u>	<u>\$ 26,651,324</u>

# UNITED WAY CALIFORNIA CAPITAL REGION AND AFFILIATE

## CONSOLIDATED STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2023

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>REVENUES:</b>			
Campaign results	\$ 6,368,044	\$ 491,703	\$ 6,859,747
Third party processors	463,292		463,292
Campaign fees and expense reimbursement	645,808		645,808
Total campaign results	7,477,144	491,703	7,968,847
Less provision for uncollectible pledges	(795,874)		(795,874)
Less funds designated to agencies by donors	(5,403,988)		(5,403,988)
Net campaign contributions designated to			
Community Impact Fund	1,277,282	491,703	1,768,985
Investment income	416,534	796,367	1,212,901
Grants and contributions	993,523	210,793	1,204,316
Employee Retention Tax Credit	889,207		889,207
Federal grants	676,325		676,325
Other revenue	79,538		79,538
Net assets released from restrictions	1,326,204	(1,326,204)	
Total revenues	5,658,613	172,659	5,831,272
<b>EXPENSES:</b>			
Agency and community support:			
Cash contributions and other community support	2,713,691		2,713,691
Federally funded programs	676,325		676,325
Supporting services:			
Campaign	1,670,537		1,670,537
Marketing and communications	1,012,409		1,012,409
Management and general	865,703		865,703
Total expenses	6,938,665		6,938,665
<b>CHANGE IN NET ASSETS</b>	(1,280,052)	172,659	(1,107,393)
<b>NET ASSETS, Beginning of year</b>	10,373,533	11,658,552	22,032,085
<b>NET ASSETS, End of year</b>	\$ 9,093,481	\$ 11,831,211	\$ 20,924,692

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

# UNITED WAY CALIFORNIA CAPITAL REGION AND AFFILIATE

## CONSOLIDATED STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2022

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>REVENUES:</b>			
Campaign results	\$ 6,796,575	\$ 567,910	\$ 7,364,485
Third party processors	835,731		835,731
Campaign fees and expense reimbursement	<u>701,773</u>	<u></u>	<u>701,773</u>
Total campaign results	8,334,079	567,910	8,901,989
Less provision for uncollectible pledges	(757,844)		(757,844)
Less funds designated to agencies by donors	<u>(5,961,623)</u>	<u></u>	<u>(5,961,623)</u>
Net campaign contributions designated to			
Community Impact Fund	1,614,612	567,910	2,182,522
Investment loss	(546,846)	(1,444,049)	(1,990,895)
Grants and contributions	775,836	1,111,578	1,887,414
Federal grants	192,323		192,323
Other revenue	28,409		28,409
Net assets released from restrictions	<u>1,737,033</u>	<u>(1,737,033)</u>	<u></u>
Total revenues	<u>3,801,367</u>	<u>(1,501,594)</u>	<u>2,299,773</u>
<b>EXPENSES:</b>			
Agency and community support:			
Cash contributions and other community support	3,122,019		3,122,019
Federally funded programs	192,323		192,323
Supporting services:			
Campaign	1,917,524		1,917,524
Marketing and communications	829,089		829,089
Management and general	<u>624,826</u>	<u></u>	<u>624,826</u>
Total expenses	<u>6,685,781</u>	<u></u>	<u>6,685,781</u>
<b>CHANGE IN NET ASSETS</b>	(2,884,414)	(1,501,594)	(4,386,008)
<b>NET ASSETS, Beginning of year</b>	<u>13,257,947</u>	<u>13,160,146</u>	<u>26,418,093</u>
<b>NET ASSETS, End of year</b>	<u>\$ 10,373,533</u>	<u>\$ 11,658,552</u>	<u>\$ 22,032,085</u>

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

# UNITED WAY CALIFORNIA CAPITAL REGION AND AFFILIATE

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2023

	<u>Program Services</u>		<u>Supporting Services</u>			
	<u>Agency &amp; Community Support</u>	<u>Federally Funded Programs</u>	<u>Campaign</u>	<u>Mktg. &amp; Comm.</u>	<u>Mgmt. &amp; General</u>	<u>Total</u>
Salaries, benefits, and payroll taxes	\$ 1,237,186	\$ 377,673	\$ 1,125,507	\$ 830,349	\$ 330,055	\$ 3,900,770
Program distribution, materials, and administration	1,120,992	298,652				1,419,644
Professional services	2,500		73,750	32,660	242,565	351,475
Technology and equipment rental and maintenance	115,388		76,925	25,642	38,463	256,418
Travel, transportation, and training	6,269		187,936	13,282	43,142	250,629
Dues and subscriptions	70,630		47,087	15,696	23,543	156,956
Printing and other materials	7,285		55,793	58,096	2,428	123,602
Facilities and rent	57,087		38,088	12,686	805	108,666
Depreciation	17,968		11,978	3,993	68,679	102,618
Meetings and events	13,400		10,114	5,563	64,005	93,082
Telecommunications	24,656		16,437	5,479	8,219	54,791
Business insurance	6,861		4,574	1,525	22,293	35,253
Other supplies	5,614		3,743	1,248	1,871	12,476
Miscellaneous	27,855		18,605	6,190	19,635	72,285
Total expenses	<u>\$ 2,713,691</u>	<u>\$ 676,325</u>	<u>\$ 1,670,537</u>	<u>\$ 1,012,409</u>	<u>\$ 865,703</u>	<u>\$ 6,938,665</u>

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

# UNITED WAY CALIFORNIA CAPITAL REGION AND AFFILIATE

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2022

	<u>Program Services</u>		<u>Supporting Services</u>			
	<u>Agency &amp; Community Support</u>	<u>Federally Funded Programs</u>	<u>Campaign</u>	<u>Mktg. &amp; Comm.</u>	<u>Mgmt. &amp; General</u>	<u>Total</u>
Salaries, benefits, and payroll taxes	\$ 1,108,469	\$ 164,337	\$ 1,336,764	\$ 699,967	\$ 210,152	\$ 3,519,689
Program distribution, materials, and administration	1,697,687	27,587				1,725,274
Professional services	32,500		24,500	18,000	145,959	220,959
Technology and equipment rental and maintenance	81,354		98,103	21,535	38,285	239,277
Travel, transportation, and training	1,554	239	133,401	601	8,491	144,286
Dues and subscriptions	77,364		93,291	20,479	36,406	227,540
Printing and other materials	2,988		86,990	35,873	14,073	139,924
Facilities and rent	42,198		50,886	11,170	1,471	105,725
Depreciation	11,823		14,257	3,130	66,455	95,665
Meetings and events	6,320		7,264	2,514	38,588	54,686
Telecommunications	22,597	160	27,250	5,982	10,634	66,623
Business insurance	10,687		12,887	2,829	21,489	47,892
Other supplies	8,018		9,669	2,122	3,774	23,583
Miscellaneous	18,460		22,262	4,887	29,049	74,658
Total expenses	<u>\$ 3,122,019</u>	<u>\$ 192,323</u>	<u>\$ 1,917,524</u>	<u>\$ 829,089</u>	<u>\$ 624,826</u>	<u>\$ 6,685,781</u>

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

# UNITED WAY CALIFORNIA CAPITAL REGION AND AFFILIATE

## CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2023 & 2022

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (1,107,393)	\$ (4,386,008)
Reconciliation to net cash used by operating activities:		
Net (gain) loss on investments	(713,959)	2,177,790
Depreciation	102,618	95,665
Changes in:		
Campaign pledges receivable, net	400,135	173,736
Grants receivable	(214,043)	(143,137)
Employee Retention Tax Credit receivable	(221,030)	
Prepaid expenses and other assets	(43,654)	36,574
Designation distributions payable to agencies	426,257	(11,279)
Accounts payable	(8,993)	189,708
Accrued expenses	(44,755)	52,685
Refundable advance	120,000	
Net cash used by operating activities	<u>(1,304,817)</u>	<u>(1,814,266)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(8,833,487)	(14,285,135)
Proceeds from sale of investments	10,414,398	5,965,464
Purchases of property and equipment	<u>(22,303)</u>	<u>(129,380)</u>
Net cash provided (used) by investing activities	<u>1,558,608</u>	<u>(8,449,051)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	253,791	(10,263,317)
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	<u>1,000,000</u>	<u>11,263,317</u>
<b>CASH AND CASH EQUIVALENTS, End of year</b>	<u>\$ 1,253,791</u>	<u>\$ 1,000,000</u>

# UNITED WAY CALIFORNIA CAPITAL REGION AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

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### 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

For more than 100 years, United Way California Capital Region (United Way) has brought together nonprofits, businesses, donors, volunteers, community leaders, and more to meet the community's greatest needs, give immediate aid and find lasting solutions for future generations. United Way mobilizes members of the community to be first responders in repairing the education level, financial stability and health of everyone in Amador, El Dorado, Placer, Sacramento, and Yolo counties through donation and volunteer opportunities. United Way raises funds throughout the year in workplace campaigns and also receives support from individual donors. Most contributions are received in the form of pledges scheduled to be fulfilled through payroll deductions over the subsequent calendar year.

United Way also has programs funded by grants from the United States Corporation for National Community Service (AmeriCorps), Corporation for National and Community Service (AARP), and the Department of Treasury (VITA).

Sacramento Foundation, d.b.a. Capital Region Foundation, (Foundation) is a California nonprofit public benefit corporation engaged in the business of developing resources, funding and community support for the benefit of United Way or its successor and related charitable purposes. The Foundation has been established with a principal purpose to receive and administer funds as endowments for various charitable purposes.

**Principles of consolidation** – United Way holds a majority voting interest in the Board of Directors of the Foundation. Accordingly, the accompanying financial statements reflect the consolidation of United Way and the Foundation, (collectively, the Organization). Material intercompany transactions have been eliminated.

**Basis of accounting and financial statement presentation** – The consolidated financial statements are prepared on the accrual basis of accounting and in conformity with professional standards applicable to not-for-profit entities. The Organization reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

**Revenue recognition** – Contributions, pledges and bequests are recognized in full when received or unconditionally promised, in accordance with professional standards. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions. All contributions are considered available for unrestricted use unless specifically restricted by donors for future periods or specific purposes. Donor-restricted amounts are reported as increases in net assets with donor restrictions. Net assets with donor restrictions become unrestricted and are reported in the statements of activities as net assets released from restrictions when the time restrictions expire or the contributions are used for the restricted purpose.

# UNITED WAY CALIFORNIA CAPITAL REGION AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

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The Organization receives certain government and foundation grant revenue which is derived from cost-reimbursable contracts and grants, and are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received in advance of incurrence of qualifying expenditures are recorded as refundable advances. Outstanding conditional grants subject to such requirements were \$3,702,983 and \$982,257 as of June 30, 2023 and 2022, respectively, and will be recognized as revenue as the conditions are met.

In-kind donations are recognized as revenue when received and are likewise included as an offsetting expense or asset.

The Organization reports those contributions restricted by the donor for use in the broad service areas that are pervasive to the Organization's beneficiary agencies as increases in net assets without donor restrictions. Such contributions are distributed to agencies based on the Organization's assessment of their qualifications to achieve the goals of those service areas. Contributions designated by donors for specific agencies are reported as a deduction from gross campaign results in calculating net contribution revenue. Designations not yet distributed are recorded as a current liability.

Campaign fees and expense reimbursement revenue are recognized as the related campaign contributions and pledges are recognized.

**Cash and cash equivalents** – For financial statement purposes, the Organization considers all investments with a maturity at purchase of three months or less to be cash equivalents, unless held for long-term purposes.

The Organization minimizes credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution. The balance at times may exceed federally insured limits. For the years ended June 30, 2023 and 2022, the balance held in excess of federally insured limits totaled \$1,108,191 and \$873,639, respectively. The Organization has not experienced any losses in such accounts and management believes the Organization is not exposed to any significant credit risk related to cash.

**Investments** are stated at fair value and are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency.

**Campaign pledges receivable** is stated at the amount management expects to collect from outstanding pledges. Collection of these amounts is not assured, and management has recorded an allowance for uncollectible pledges based on its estimate. A reasonable possibility exists that amounts ultimately uncollectible may differ materially from the amounts estimated. However, the difference cannot be reasonably determined.

**Property and equipment** are stated at cost or, if donated, at estimated fair value on the date of donation. Assets are depreciated using the straight-line method over estimated useful lives of 2 to 7 years.

**Leasehold interest in property** – United Way rents from the Foundation under a 99 year lease at \$1 per year, expiring in 2110. The terms of the lease represent a contribution from the Foundation, which was recognized as a leasehold interest in property at fair value at the lease inception in 2012. The

# UNITED WAY CALIFORNIA CAPITAL REGION AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

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leasehold interest is being amortized on a straight-line basis over the 99 year life of the lease. The leasehold interest in property asset and liability for United Way and the Foundation, respectively, had a balance of \$1,669,256 and \$1,688,443 as of June 30, 2023 and 2022, respectively, which is eliminated upon consolidation. The amortization of the leasehold interest in property was \$19,187 for each of the years ended June 30, 2023 and 2022, which is eliminated upon consolidation.

**Income taxes** – United Way and the Foundation are exempt from income taxes under Section 501(c)(3) and Section 23701(d) of the Internal Revenue Code. The Organization has applied the accounting principles related to accounting for uncertainty in income taxes and has determined that there is no material impact on the consolidated financial statements. With some exceptions, the Organization is no longer subject to U.S. federal and state income tax examinations by tax authorities for years prior to 2019.

**Functional allocation of expenses** – The costs of providing the Organization’s activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy, depreciation, salaries, and other administrative costs. These costs are allocated based on weighted averages of the proportions of employees’ time incurred.

**Use of estimates** – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Significant estimates included in these consolidated financial statements are management’s estimate of the collectability of pledges receivable and useful lives of assets.

**Fair value measurements** – Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same – to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability). In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, as follows:

Level 1 Inputs	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
Level 2 Inputs	Inputs other than quoted prices in active markets that are observable either directly or indirectly.
Level 3 Inputs	Unobservable inputs for the asset or liability.

**Subsequent events** have been evaluated for recognition and disclosure through January 16, 2024, the date which these consolidated financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2023 that require recognition or disclosure in the consolidated financial statements.

# UNITED WAY CALIFORNIA CAPITAL REGION AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

**Reclassification** – Certain 2022 amounts have been reclassified to conform with 2023 financial statement presentation.

### 2. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available for general expenditure within one year of the consolidated statements of financial position, are as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,253,791	\$ 1,000,000
Pledges receivable, net	2,920,117	3,320,252
Grants receivable	780,493	566,450
Employee Retention Tax Credit receivable	221,030	
Investments	<u>19,392,922</u>	<u>20,259,874</u>
Total financial assets	24,568,353	25,146,576
Less amounts unavailable for general expenditures within one year, due to:		
Designation distributions payable to agencies	(4,377,298)	(3,951,041)
Restricted by donor for purpose (see Note 5)	(5,720,132)	(5,547,473)
Perpetually restricted endowment investments (see Note 5)	<u>(6,111,079)</u>	<u>(6,111,079)</u>
Total financial assets available for general expenditure within one year	<u>\$ 8,355,969</u>	<u>\$ 9,536,983</u>

The Organization is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. Occasionally, the Board may designate a portion of any operating surplus to its liquidity reserve. Although the Organization's intent is to hold investments for long-term purposes, the investments could be made available to meet current cash flow needs if necessary.

# UNITED WAY CALIFORNIA CAPITAL REGION AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

### 3. INVESTMENTS

Investments consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Cash equivalents	\$ 561,974	\$ 579,468
Money market mutual funds	7,062,058	
Fixed income funds:		
Investment grade	3,199,212	11,859,720
High yield	459,512	476,652
Treasury inflation protected securities	165,259	175,882
Taxable – other	124,679	
Developed international	93,454	94,847
Equity funds:		
Large cap	3,275,837	2,920,059
Developed international	1,569,002	1,230,361
Mid cap	1,477,435	1,277,487
Emerging markets	666,894	603,781
Small cap	407,500	312,469
Real estate:		
Commodities	310,091	391,039
US REITs		338,109
Common stock:		
Technology	12,431	
Financial services	7,584	
Total	<u>\$ 19,392,922</u>	<u>\$ 20,259,874</u>

### 4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Land	\$ 235,000	\$ 235,000
Buildings	1,714,947	1,714,947
Equipment, furniture, and fixtures	689,561	667,258
Software under license	<u>190,811</u>	<u>190,811</u>
Total	2,830,319	2,808,016
Less accumulated depreciation	<u>(1,455,359)</u>	<u>(1,352,741)</u>
Property and equipment, net	<u>\$ 1,374,960</u>	<u>\$ 1,455,275</u>

# UNITED WAY CALIFORNIA CAPITAL REGION AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

### 5. NET ASSETS WITH DONOR RESTRICTIONS

United Way's net assets with donor restrictions consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Leasehold interest in property	\$ 1,669,256	\$ 1,688,443
Investing in families	384,430	624,436
Helping kids excel in school	657,666	181,933
Women in Philanthropy	46,476	74,921
Young Leaders Society	42,139	32,069
Other	85,145	60,457
	<u>2,885,112</u>	<u>2,662,259</u>
Less amounts eliminated in consolidation	<u>(1,913,079)</u>	<u>(1,688,443)</u>
Total United Way	<u>\$ 972,033</u>	<u>\$ 973,816</u>

The Foundation's net assets with donor restrictions consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>
<b>Purpose restrictions:</b>		
Operations of United Way and the Foundation	\$ 1,252,013	\$ 1,630,389
Accumulated realized and unrealized gain on endowment net assets:		
Operations endowment	2,587,827	2,014,514
Community endowment	908,259	928,754
<b>Perpetual restrictions:</b>		
Operations endowment	4,486,079	4,486,079
Community endowment	<u>1,625,000</u>	<u>1,625,000</u>
Total Foundation	<u>\$ 10,859,178</u>	<u>\$ 10,684,736</u>
Total consolidated net assets with donor restrictions	<u>\$ 11,831,211</u>	<u>\$ 11,658,552</u>

The Foundation's perpetually restricted net assets include two donor-restricted endowment funds received from the United Way. The operations endowment was received for the purpose of providing support for current and future operations of the Foundation and United Way. The community endowment was received for the purpose of providing support for the charitable mission and purpose of United Way. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

# UNITED WAY CALIFORNIA CAPITAL REGION AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

The Foundation classifies as perpetually restricted net assets (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowments, and (c) appropriations of endowment assets to fund donor-approved expenditures.

Under the endowments' investment policies, the primary investment objectives are optimizing yield and maintaining spending power of the endowment assets. The principal of the endowment funds are to be invested in perpetuity and investment returns are to be used per donor intent. Accumulated unrealized gains and losses of the endowment investments are recorded to net assets with donor restrictions (purpose restricted).

Changes in perpetually restricted endowment net assets are as follows for the year ended June 30:

	<u>2023</u>	<u>2022</u>
Endowment net assets, beginning of year	\$ 6,111,079	\$ 6,111,079
Investment gain:		
Investment income	232,342	189,072
Realized/unrealized gain (loss)	<u>564,025</u>	<u>(1,633,121)</u>
Total investment gain (loss)	796,367	(1,444,049)
Allocation of investment (gain) loss to net assets with donor restrictions (purpose restricted)	<u>(796,367)</u>	<u>1,444,049</u>
Endowment net assets, end of year	<u>\$ 6,111,079</u>	<u>\$ 6,111,079</u>

### 6. EMPLOYEE BENEFIT PLAN

The Organization sponsors a defined contribution pension plan, under Internal Revenue Code Section 403(b), covering substantially all employees age 21 and over who have completed at least one year of service. The Organization makes monthly contributions equal to 5% of each employee's compensation. Such contributions vest over a five-year period and totaled \$89,275 and \$96,027 for the years ended June 30, 2023 and 2022.

### 7. EMPLOYEE RETENTION TAX CREDIT

During the year ended June 30, 2023, the Organization filed for the Employee Retention Tax Credit (ERC) and recognized revenue totaling \$889,207. The amount not yet received as of June 30, 2023 totaled \$221,030 and is included as a receivable on the consolidated statement of financial position. Laws and regulations concerning government programs, including the ERC established by the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the Employee Retention Tax Credit, and it is not possible to determine the impact (if any) this would have upon the Organization.

## **SUPPLEMENTARY INFORMATION**

# UNITED WAY CALIFORNIA CAPITAL REGION AND AFFILIATE

## SUPPLEMENTAL STATEMENT OF FINANCIAL POSITION FOR UNITED WAY CALIFORNIA CAPITAL REGION JUNE 30, 2023

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### ASSETS

#### CURRENT ASSETS:

Cash and cash equivalents	\$ 1,253,791
Campaign pledges receivable, net of allowance for uncollectible pledges of \$563,595	2,920,117
Grants receivable	780,493
Employee Retention Tax Credit receivable	221,030
Due from Sacramento Foundation	320,017
Prepaid expenses and other assets	<u>92,618</u>
Total current assets	5,588,066

#### NONCURRENT ASSETS:

Investments	7,082,574
Property and equipment, net	103,424
Leasehold interest in property, net	<u>1,669,256</u>

**TOTAL ASSETS** \$ 14,443,320

### LIABILITIES AND NET ASSETS

#### CURRENT LIABILITIES:

Designation distributions payable to agencies	\$ 4,377,298
Accounts payable	467,162
Accrued expenses	147,288
Refundable advances	<u>120,000</u>

**TOTAL LIABILITIES** 5,111,748

#### NET ASSETS:

Without donor restrictions	6,446,460
With donor restrictions	<u>2,885,112</u>
Total net assets	<u><u>9,331,572</u></u>

**TOTAL LIABILITIES AND NET ASSETS** \$ 14,443,320

# UNITED WAY CALIFORNIA CAPITAL REGION AND AFFILIATE

## SUPPLEMENTAL STATEMENT OF ACTIVITIES FOR UNITED WAY CALIFORNIA CAPITAL REGION YEAR ENDED JUNE 30, 2023

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
REVENUES:			
Campaign results	\$ 6,368,044	\$ 491,703	\$ 6,859,747
Third party processors	463,292		463,292
Campaign fees and expense reimbursement	645,808		645,808
Total campaign results	7,477,144	491,703	7,968,847
Less provision for uncollectible pledges	(795,874)		(795,874)
Less funds designated to agencies by donors	(5,403,988)		(5,403,988)
Net campaign contributions designated to			
Community Impact Fund	1,277,282	491,703	1,768,985
Grants and contributions	1,328,523	454,616	1,783,139
Employee Retention Tax Credit income	889,207		889,207
Federal grants	676,325		676,325
Investment income	275,922		275,922
Other revenue	79,538		79,538
Net assets released from restrictions	723,466	(723,466)	
Total revenues	5,250,263	222,853	5,473,116
EXPENSES:			
Agency and community support:			
Cash contributions and other community support	2,713,691		2,713,691
Federally funded programs	676,325		676,325
Supporting services:			
Campaign	1,670,537		1,670,537
Marketing and communications	1,012,409		1,012,409
Management and general	779,209		779,209
Total expenses	6,852,171		6,852,171
CHANGE IN NET ASSETS	(1,601,908)	222,853	(1,379,055)
NET ASSETS, Beginning of year	8,048,368	2,662,259	10,710,627
NET ASSETS, End of year	\$ 6,446,460	\$ 2,885,112	\$ 9,331,572

# UNITED WAY CALIFORNIA CAPITAL REGION AND AFFILIATE

## SUPPLEMENTAL STATEMENT OF FINANCIAL POSITION FOR SACRAMENTO FOUNDATION (D.B.A CAPITAL REGION FOUNDATION) JUNE 30, 2023

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### ASSETS

#### CURRENT ASSETS:

Prepaid expenses and other assets	\$ 509
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#### NONCURRENT ASSETS:

Investments	12,310,348
Land and building, net	<u>1,271,536</u>

<b>TOTAL ASSETS</b>	<b><u>\$ 13,582,393</u></b>
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### LIABILITIES AND NET ASSETS

#### CURRENT LIABILITIES:

Due to United Way	\$ 320,017
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#### NONCURRENT LIABILITIES:

Leasehold interest in property, net	<u>1,669,256</u>
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<b>TOTAL LIABILITIES</b>	<b><u>1,989,273</u></b>
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#### NET ASSETS:

Without donor restrictions	733,942
With donor restrictions	<u>10,859,178</u>
Total net assets	<u>11,593,120</u>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 13,582,393</u></b>
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# UNITED WAY CALIFORNIA CAPITAL REGION AND AFFILIATE

## SUPPLEMENTAL STATEMENT OF ACTIVITIES FOR SACRAMENTO FOUNDATION (D.B.A CAPITAL REGION FOUNDATION) YEAR ENDED JUNE 30, 2023

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	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
REVENUES:			
Investment income	\$ 140,612	\$ 796,367	\$ 936,979
In-kind rental income	19,187		19,187
Net assets released from restrictions	<u>621,925</u>	<u>(621,925)</u>	
Total revenues	<u>781,724</u>	<u>174,442</u>	<u>956,166</u>
EXPENSES:			
Program services:			
Community support	568,823		568,823
Supporting services:			
Management and general	<u>115,681</u>	<u></u>	<u>115,681</u>
Total expenses	<u>684,504</u>	<u></u>	<u>684,504</u>
CHANGE IN NET ASSETS	97,220	174,442	271,662
NET ASSETS, Beginning of year	<u>636,722</u>	<u>10,684,736</u>	<u>11,321,458</u>
NET ASSETS, End of year	<u>\$ 733,942</u>	<u>\$ 10,859,178</u>	<u>\$ 11,593,120</u>