# UNITED WAY OF PALM BEACH COUNTY, INC.

## REPORT ON AUDIT OF FINANCIAL STATEMENTS

**For the Years Ended**
**September 30, 2024 and 2023**

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**INDEPENDENT AUDITOR'S REPORT**

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

***Opinion***

We have audited the accompanying financial statements of United Way of Palm Beach County, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2024 and 2023, and the related statements of activities, cash flows, and functional expenses for the years 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 United Way of Palm Beach County, Inc. as of September 30, 2024 and 2023, 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 Financial Statements section of our report. We are required to be independent of United Way of Palm Beach County, 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 United Way of Palm Beach County, 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 Responsibility 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 judgment made by a reasonable user based on the financial statements.

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

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

Holyfield & Thomas, LLC

West Palm Beach, Florida
March 20, 2025

**UNITED WAY OF PALM BEACH COUNTY, INC.**

**STATEMENTS OF FINANCIAL POSITION**

***As of September 30, 2024 and 2023***

| | 2024 | 2023 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 1,855,411 | $ 1,398,579 |
| Pledges receivable, net | 331,544 | 154,292 |
| Grants receivable, net | 115,115 | 1,105,648 |
| Prepaid expenses | 133,052 | 156,997 |
| Total current assets | 2,435,122 | 2,815,516 |
| Investments | 18,023,839 | 19,041,462 |
| Beneficial interest in trusts | 1,651,494 | 1,653,198 |
| Property and equipment, net | 163,077 | 228,864 |
| Right-of-use assets: | | |
| Operating lease, net | 189,985 | 285,543 |
| Financing lease, net | 10,572 | 17,619 |
| Total assets | $ 22,474,089 | $ 24,042,202 |
| **LIABILITIES AND NET ASSETS** | | |
| Allocations payable | $ 1,400,000 | $ 3,224,663 |
| Designations payable | 87,398 | 86,887 |
| Accounts payable and accrued expenses | 478,785 | 1,100,392 |
| Deferred liability | 68,426 | 244,145 |
| Line of credit | - | - |
| Lease obligations, current portion: | | |
| Operating lease | 154,850 | 141,518 |
| Finance lease | 7,371 | 6,926 |
| Total current liabilities | 2,196,830 | 4,804,531 |
| Lease obligations: | | |
| Operating lease | 125,052 | 279,902 |
| Finance lease | 3,862 | 11,234 |
| Total liabilities | 2,325,744 | 5,095,667 |
| Net assets | | |
| Without donor restrictions | 17,234,286 | 16,095,980 |
| With donor restrictions | 2,914,059 | 2,850,555 |
| Total net assets | 20,148,345 | 18,946,535 |
| Total liabilities and net assets | $ 22,474,089 | $ 24,042,202 |

*See accompanying notes to financial statements.*

**UNITED WAY OF PALM BEACH COUNTY, INC.**

**STATEMENT OF ACTIVITIES**

***For the Year Ended September 30, 2024***

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Public support and revenues: | | | |
| Public support: | | | |
| Gross campaign contributions | $ 6,881,756 | $ 115,015 | $ 6,996,771 |
| Less: | | | |
| Designations to other agencies | (914,037) | - | (914,037) |
| Provision for uncollectible pledges | (120,585) | - | (120,585) |
| Net campaign contributions | 5,847,134 | 115,015 | 5,962,149 |
| In-kind contributions | 198,186 | - | 198,186 |
| Bequest income | 154,384 | 125,000 | 279,384 |
| Change in value of beneficial interest in trusts | - | 271,000 | 271,000 |
| | 6,199,704 | 511,015 | 6,710,719 |
| Revenues: | | | |
| Special events | 55,704 | - | 55,704 |
| Grants | 6,219,464 | 518,541 | 6,738,005 |
| Interest and dividends, net | 592,106 | 43,581 | 635,687 |
| Realized and change in unrealized gain on investments | 2,793,379 | - | 2,793,379 |
| Designation fees | 76,356 | - | 76,356 |
| Other income | 61,571 | - | 61,571 |
| Total public support and revenues | 15,998,284 | 1,073,137 | 17,071,421 |
| Net assets released from restrictions | 1,009,633 | (1,009,633) | - |
| | 17,007,917 | 63,504 | 17,071,421 |
| Expenses: | | | |
| Program services | 13,246,986 | - | 13,246,986 |
| Supporting services: | | | |
| Management and general | 924,492 | - | 924,492 |
| Fundraising and events | 1,698,133 | - | 1,698,133 |
| Total expenses | 15,869,611 | - | 15,869,611 |
| Change in net assets | 1,138,306 | 63,504 | 1,201,810 |
| Net assets, beginning | 16,095,980 | 2,850,555 | 18,946,535 |
| Net assets, ending | $ 17,234,286 | $ 2,914,059 | $ 20,148,345 |

*See accompanying notes to financial statements.*

*For the Year Ended September 30, 2023*

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Public support and revenues: | | | |
| Public support: | | | |
| Gross campaign contributions | $ 6,185,437 | $ 121,166 | $ 6,306,603 |
| Less: | | | |
| Designations to other agencies | (522,837) | - | (522,837) |
| Provision for uncollectible pledges | (765,215) | - | (765,215) |
| Net campaign contributions | 4,897,385 | 121,166 | 5,018,551 |
| In-kind contributions | 201,501 | - | 201,501 |
| Bequest income | - | 536,062 | 536,062 |
| Change in value of beneficial interest in trusts | - | 124,370 | 124,370 |
| | 5,098,886 | 781,598 | 5,880,484 |
| Revenues: | | | |
| Special events | 88,605 | - | 88,605 |
| Grants | 8,794,049 | 166,908 | 8,960,957 |
| Interest and dividends, net | 668,488 | 33,305 | 701,793 |
| Realized and change in unrealized gain on investments | 1,691,391 | - | 1,691,391 |
| Designation fees | 478,618 | - | 478,618 |
| Other income | 33,173 | - | 33,173 |
| Total public support and revenues | 16,853,210 | 981,811 | 17,835,021 |
| Net assets released from restrictions | 766,568 | (766,568) | - |
| | 17,619,778 | 215,243 | 17,835,021 |
| Expenses: | | | |
| Program services | 15,374,513 | - | 15,374,513 |
| Supporting services: | | | |
| Management and general | 887,629 | - | 887,629 |
| Fundraising and events | 1,635,493 | - | 1,635,493 |
| Total expenses | 17,897,635 | - | 17,897,635 |
| Change in net assets | (277,857) | 215,243 | (62,614) |
| Net assets, beginning | 16,373,837 | 2,635,312 | 19,009,149 |
| Net assets, ending | $ 16,095,980 | $ 2,850,555 | $ 18,946,535 |

*See accompanying notes to financial statements.*

*For the Years Ended September 30, 2024 and 2023*

| | 2024 | 2023 |
|---|---|---|
| Cash flows from operating activities: | | |
| Cash received from campaign contributions, net | $ 5,525,947 | $ 5,378,900 |
| Cash received from grants | 7,614,390 | 7,245,608 |
| Cash received from contributions and support | 154,384 | - |
| Designation fees and other income | 132,060 | 567,223 |
| Cash paid for allocations and grants | (11,147,479) | (11,618,280) |
| Cash paid to suppliers and employees | (6,898,720) | (5,593,446) |
| Investment return, net | 635,687 | 701,793 |
| Interest paid | - | (13,368) |
| Net cash used in operating activities | (3,983,731) | (3,331,570) |
| Cash flows from investing activities: | | |
| Purchase of investments | (1,160,026) | (1,101,066) |
| Proceeds from sale of investments | 5,229,978 | 4,309,603 |
| Proceeds from beneficial interest in trusts | 397,704 | 246,107 |
| Purchase of property and equipment | (20,166) | (14,333) |
| Net cash provided by investing activities | 4,447,490 | 3,440,311 |
| Cash flows from financing activities: | | |
| Payment on note payable | - | (200,000) |
| Principal payments on finance lease obligation | (6,927) | (6,508) |
| Net cash used in financing activities | (6,927) | (206,508) |
| Net change in cash and cash equivalents | 456,832 | (97,767) |
| Cash and cash equivalents, beginning | 1,398,579 | 1,496,346 |
| Cash and cash equivalents, ending | $ 1,855,411 | $ 1,398,579 |

*See accompanying notes to financial statements.*

*For the Years Ended September 30, 2024 and 2023*

| | 2024 | 2023 |
|---|---|---|
| Reconciliation of change in net assets to net cash used in operating activities: | | |
| Change in net assets | $ 1,201,810 | $ (62,614) |
| Adjustment to reconcile change in net assets to net cash used in operating activities: | | |
| Depreciation | 93,000 | 93,177 |
| Lease expense | 95,558 | 87,119 |
| Realized and change in unrealized gain on investments | (2,793,379) | (1,691,391) |
| Provision for uncollectible pledges | 120,585 | 765,215 |
| Change in value of beneficial interest in trusts | (271,000) | (124,370) |
| Contributed securities | (258,950) | (187,915) |
| Decrease (increase) in certain assets: | | |
| Pledges receivable | (297,837) | (216,951) |
| Grants receivable | 990,533 | (679,719) |
| Prepaid expenses | 23,945 | (72,861) |
| Beneficial interest in trusts | (125,000) | (536,062) |
| Increase (decrease) in certain liabilities: | | |
| Allocations payable | (1,824,663) | (46,250) |
| Designations payable | 511 | 38,882 |
| Accounts payable and accrued expenses | (621,607) | 500,039 |
| Deferred liability | (175,719) | (1,068,803) |
| Operating lease obligation | (141,518) | (129,066) |
| Net cash used in operating activities | $ (3,983,731) | $ (3,331,570) |

*See accompanying notes to financial statements.*

UNITED WAY OF
PALM BEACH COUNTY, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

***For the Year Ended September 30, 2024***

| | | Support Services | | |
|---|---|---|---|---|
| | Program Services | Management and General | Fundraising and Events | Total |
| Allocations to agencies and designations to others | $ 2,314,037 | $ - | $ - | $ 2,314,037 |
| Less: donor designations | (914,037) | - | - | (914,037) |
| Net allocations | 1,400,000 | - | - | 1,400,000 |
| Grants to others | 7,923,327 | - | - | 7,923,327 |
| Salaries | 2,474,655 | 387,788 | 820,201 | 3,682,644 |
| Employee benefits | 296,288 | 173,333 | 182,262 | 651,883 |
| Payroll taxes | 117,384 | 64,201 | 81,136 | 262,721 |
| Professional and consulting fees | 268,185 | 52,998 | 15,128 | 336,311 |
| Occupancy | 116,226 | 46,642 | 58,670 | 221,538 |
| Sponsored events and meetings | 101,433 | 6,027 | 46,751 | 154,211 |
| Printing and publications | 47,479 | 3,679 | 140,840 | 191,998 |
| Conferences | 16,271 | 7,118 | 3,739 | 27,128 |
| National and state affiliation dues | 84,908 | 42,344 | 64,477 | 191,729 |
| Telephone | 16,052 | 8,112 | 11,016 | 35,180 |
| Supplies | 10,856 | 4,484 | 3,054 | 18,394 |
| Travel | 8,557 | 12,157 | 6,468 | 27,182 |
| Depreciation | 39,201 | 27,496 | 26,303 | 93,000 |
| Insurance | 21,357 | 7,698 | 12,812 | 41,867 |
| Processing and bank fees | - | 2,101 | 51,182 | 53,283 |
| Postage | 2,891 | 502 | 4,656 | 8,049 |
| Rental and maintenance of equipment | 91,079 | 47,668 | 52,834 | 191,581 |
| Recognition | 4,485 | 2,217 | 401 | 7,103 |
| Staff development | 47,044 | 3,361 | 1,000 | 51,405 |
| In-kind contributions | 152,660 | 24,566 | 20,960 | 198,186 |
| Special events | 6,648 | - | 94,243 | 100,891 |
| Total expenses | $ 13,246,986 | $ 924,492 | $ 1,698,133 | $ 15,869,611 |

*See accompanying notes to financial statements.*

***For the Year Ended September 30, 2023***

| | Program Services | Support Services: Management and General | Support Services: Fundraising and Events | Total |
|---|---|---|---|---|
| Allocations to agencies and designations to others | $ 3,747,500 | $ - | $ - | $ 3,747,500 |
| Less: donor designations | (522,837) | - | - | (522,837) |
| Net allocations | 3,224,663 | - | - | 3,224,663 |
| Grants to others | 8,386,249 | - | - | 8,386,249 |
| Salaries | 2,383,485 | 441,024 | 735,599 | 3,560,108 |
| Employee benefits | 287,278 | 110,424 | 173,445 | 571,147 |
| Payroll taxes | 114,434 | 62,104 | 75,186 | 251,724 |
| Professional and consulting fees | 256,810 | 28,905 | 34,034 | 319,749 |
| Occupancy | 108,625 | 50,543 | 64,625 | 223,793 |
| Sponsored events and meetings | 90,603 | 3,808 | 15,835 | 110,246 |
| Printing and publications | 47,230 | 3,262 | 138,268 | 188,760 |
| Conferences | 10,477 | 3,629 | 2,268 | 16,374 |
| National and state affiliation dues | 101,782 | 60,434 | 41,681 | 203,897 |
| Telephone | 14,229 | 6,541 | 9,346 | 30,116 |
| Supplies | 9,354 | 1,720 | 3,491 | 14,565 |
| Travel | 8,474 | 13,438 | 9,652 | 31,564 |
| Depreciation | 40,285 | 25,252 | 27,640 | 93,177 |
| Insurance | 19,680 | 5,611 | 11,965 | 37,256 |
| Processing and bank fees | - | 14,701 | 44,618 | 59,319 |
| Postage | 1,421 | 683 | 13,936 | 16,040 |
| Rental and maintenance of equipment | 64,261 | 28,081 | 43,781 | 136,123 |
| Recognition | 6,388 | 766 | 731 | 7,885 |
| Staff development | 69,134 | 7,281 | 2,500 | 78,915 |
| In-kind contributions | 128,100 | 19,422 | 53,979 | 201,501 |
| Special events | 1,551 | - | 132,913 | 134,464 |
| Total expenses | $ 15,374,513 | $ 887,629 | $ 1,635,493 | $ 17,897,635 |

*See accompanying notes to financial statements.*

## *1. Description of Organization*

United Way of Palm Beach County, Inc. (the "Organization" or "United Way") is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). The Organization is governed by a volunteer Board of Directors. The Organization's mission is to improve measurably the lives of individuals and families in Palm Beach County by uniting the resources of donors, volunteers, agencies, and the community. The Organization advances the common good by creating opportunities for a better life for all, with a focus on the impact areas of education, income, and health – the building blocks for a good quality of life. The Organization conducts an annual fundraising campaign to obtain funds for investment in a variety of programs within these impact areas. Donors have the option to designate their contributions to a specific impact area or charitable organization. In addition to the annual campaign, which is the Organization's largest source of support, the Organization receives private and public grants.

## *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 reported 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 Directors.

*Net assets 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.

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

*Cash and Cash Equivalents*

The Organization considers money market funds, repurchase agreements, and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

*Pledges and Grants Receivable*

Pledges receivable are unconditional promises received from the annual fundraising campaign and are recorded when the promises to contribute are made. The Organization provides an allowance for estimated uncollectible amounts at the time campaign pledges are recorded. The provision for uncollectible pledges is based, among other things, on the Organization's past collection experience and the impact of changes in the current economic conditions. 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 related to pledges receivable is recognized over the period of the promise as contributions.

Grants and contracts awarded by federal and other grantors, which are generally considered nonreciprocal arrangements restricted for certain purposes, are recognized as income when qualifying expenditures are incurred and conditions under the agreements are met. Contributions are conditional if the agreement includes both a barrier that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the promisor's obligation to transfer assets. Conditional promises to give are not recognized until they become unconditional, that is, when the barriers on which they depend are met.

*Investments*

The Organization reports investments at fair value. Investments as of September 30, 2024 consist primarily of mutual funds and cash equivalents. Cash and cash equivalents accounts maintained by the Organization's investment portfolio are part of the Organization's long-term investment policy and are classified as investments. Net investment return consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses. Net investment return is reported in the statement of activities as a change in net assets without donor restriction unless the use of the income is limited by donor-imposed restrictions.

Investments include both board-designated and donor-restricted endowment assets and are managed in accordance with board approved investment and spending policies. These policies, including the policy establishing the portion of the portfolio to be spent annually, seek to preserve the value of the portfolio in real terms and to generate a reliable flow of earnings for support of the Organization. The board-designated endowment spending policy provides that the income available for distribution is calculated as 4% of the endowment fund's value, as measured at the end of the fiscal year. The investment policy statement provides for major classes of assets, including cash and cash equivalents, fixed-income securities, domestic and international equities, emerging markets, and real estate. The donor-restricted endowment permits annual distributions equal to 5% of the endowment fund balance as of the beginning of the applicable year, with a stipulation that any distributions in excess of that amount shall be permissible only for emergencies and must be approved by the Board of Directors.

## 2. Summary of Significant Accounting Policies, continued

*Beneficial Interest in Trusts*

The Organization is a residual beneficiary of split-interest agreements whereby another entity serves as trustee. These split-interest agreements include irrevocable trusts, a charitable remainder trust, and a perpetual income trust.

*Irrevocable trusts*

From time to time, the Organization is a remainder beneficiary under revocable trusts. Upon the death of a grantor(s), a trust becomes irrevocable, at which this time the Organization recognizes income with donor restriction "bequest income" in the statement of activities based on the estimated net fair market value of trust assets management intends to collect. The trustee generally remits to the Organization their remainder interest in trust assets over a specified period of time from the grantor's date of death. As the Organization receives payments from the trustee, expiring the time restriction, net assets with donor restriction are reclassified to net assets without donor restriction and are reported in the statement of activities as "net assets released from restriction."

*Charitable remainder trust*

Under the charitable remainder trust, the trustee holds and invests the assets and pays the annuitant(s) on a periodic basis for their lifetime. Upon the death of the annuitant(s), the Organization will receive from the trustee the remaining balance (or proportionate share), which is available for the general use of the Organization. A donor restricted contribution (based on inherent time restrictions) is recognized when the Organization is notified of the existence of the remainder trust agreement based on the fair value of the assets less the fair value of the payments to be made to other beneficiaries (measured using a present value technique).

*Perpetual income trust*

The Organization has a beneficial interest in one perpetual income trust that is donor restricted in perpetuity as the Organization has the irrevocable right to receive income earned on the trust assets in perpetuity but will never receive the assets held in trust. The Organization's proportionate share of the perpetual trust assets is used to measure the beneficial interest.

Given that cash and other assets contributed by donors under these split-interest agreements are held by independent trustees, the measurement objective for the beneficial interest at initial recognition and for subsequent periods is fair value. Changes in the fair values of the Organization's beneficial interest under the charitable remainder and perpetual arrangements are recorded as net assets with donor restrictions "change in value of beneficial interest in trusts" in the statement of activities.

## 2. Summary of Significant Accounting Policies, continued

*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 |
|---|---|
| Leasehold improvements | 10 |
| Furniture and equipment | 4-10 |

*Leases*

The Organization recognizes a right of use (ROU) asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, comprising the initial amount of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs, and an estimate of costs to dismantle and remove the underlying asset or restore the underlying asset or site.

Subsequent to initial recognition, ROU assets measured at cost less any accumulated depreciation and any accumulated impairment losses, ROU assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. The lease term includes non-cancellable periods and periods covered by an option to extend or terminate the lease if the lessee is reasonably certain to exercise or not exercise that option.

*Allocations Payable*

The Organization annually allocates funds to its affiliated agencies. Generally, in September of each fiscal year, the Board of Directors approves the total amount of allocations to be distributed for the next fiscal year. The amounts allocated to the individual agencies are determined by the Community Impact Committee. Once the board approves the allocations, the agencies are notified and agreements are executed. The allocations are considered conditional promises to give as the agencies must execute the agreements and comply with the terms and conditions included therein in order to receive the funds. As the possibility of the agencies not executing the agreements or not meeting the routine performance requirements or other conditions are considered unusual, the allocations are recognized as an expense and liability when the agreements are executed with the agencies. On occasion, funding is discontinued for an agency for not fulfilling contractual requirements, at which time an adjustment is made to the allocations payable and related expense account. As of September 30, 2024 and 2023, allocations payable was $1,400,000 and $3,224,663, respectively.

*Designations Payable*

The Organization honors donor designations to other non-profit agencies. To be eligible to receive a donation, the agency must be an active 501(c)(3) organization and comply with the Patriot Act.

***2. Summary of Significant Accounting Policies, continued***

*Revenue Recognition*

The Organization recognizes contributions in accordance with FASB ASC 958, *Not-For-Profit Entities*. Contributions received are recognized at fair value, including 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 restriction. 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 restriction 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 restriction are reclassified to net assets without donor restriction 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 an irrevocable beneficiary of a trust, and the expected proceeds are measurable.

The Organization conducts a donor-advised fund program for large individual contributions. Under this program, contributors are permitted to provide recommendations on the use of the funds. The funds are held until distributed pursuant to the Organization’s approval.

Designation fees are fees that the Organization charges recipient agencies as cost recovery fees for processing designated pledges. Designated pledges include contributions that are designated by the contributor to the Organization’s affiliated agencies or non-affiliated agencies. As the Organization serves as an intermediary, it recognizes a liability to the specified external agency concurrent with the recognition of the assets received from the donor. Designated pledges received by a third-party processor for affiliated agencies or non-affiliated agencies that are not part of the Organization’s annual capital campaign, are not recognized in the financial statements.

The Organization receives various grants from federal and local agencies and private companies for program and supporting services. These grants are generally funded on a cost reimbursement basis or when required services are performed. Accordingly, income from grants are generally recognized in the statement of activities when expenses are made for the purpose specified. Grant funds that have been received but have not yet been expended for the purposes specified are reported as deferred liability.

*Donated Services and Materials*

Donated services and materials 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. These services are reflected in the financial statements at their estimated fair market value at the date of receipt. The donated services and materials are recorded as gifts in-kind contributions and expenses in the period rendered.

## 2. Summary of Significant Accounting Policies, continued

*Donated Services and Materials, continued*

The total amount of donated services and materials received during the years ended September 30, 2024 and 2023, amounted to $198,186 and $201,501, respectively. Donated services consisted of advertising ($20,960 in 2024 and $48,980 in 2023), legal services ($33,620 in 2024 and $20,444 in 2023), tax professional services ($143,606 in 2024 and $127,077 in 2023), and use of facility ($0 in 2024 and $5,000 in 2023). Advertising was valued based on a multiplication factor of annual dues, as reported to the Organization by United Way Worldwide. Legal fees were valued based on the price of the services provided. Tax professional services were valued based on the number of hours provided by tax professionals times the mean average wage for tax preparers as reported by the U.S. Bureau of Labor Statistics in Florida. Use of facility was valued based on regular rates charged by the venue.

In addition, the Organization receives services from a number of volunteers who give significant amounts of their time to the Organization's programs, fund-raising campaigns, and management. Time donated by these volunteers is not recorded in the financial statements, as these services do not meet the required recognition criteria in accordance with FASB ASC 958.

*Functional Allocation of Expenses*

The costs of providing the programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Certain program and support expenses, such as salaries, benefits, and other administrative costs, are allocated among program services, management and general, and fundraising based on management's analysis of these costs.

*Advertising Costs*

Advertising costs are charged to operations when incurred. During the years ended September 30, 2024 and 2023, the Organization incurred $115,362 and $108,757 in advertising cost, respectively, which are reported as part of printing and publications ($94,402 in 2024 and $59,777 in 2023) and in-kind contributions ($20,960 in 2024 and $48,980 in 2023) in the statement of functional expenses.

*Income Taxes*

The Organization is a non-profit organization exempt from federal income taxes under Section 501(c)(3) of the IRC. The Organization has been classified as a publicly supported organization that is not a private foundation under Section 509(a)(1) of the IRC.

The Organization follows ASC 740, *Income Taxes*. ASC 740 creates a single model to address uncertainty in income tax provisions and prescribes a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. It also provides guidance on de-recognition, measurement, classification, interest and penalties, and disclosure. The Organization does not believe its financial statements include (or reflect) any uncertain tax positions.

## 3. *Liquidity and Availability of Resources*

Financial assets available for general expenditure within one year, that is, without donor restrictions or other restrictions limiting their use within one year of September 30, 2024, comprise the following:

| | |
|---|---|
| Financial assets: | |
| Cash and cash equivalents | $ 1,855,411 |
| Pledges receivable | 331,544 |
| Grants receivable | 115,115 |
| Investments | 18,023,839 |
| Total financial assets | 20,325,909 |
| Less financial assets unavailable for general expenditures: | |
| Investments held in donor restricted endowment | (195,264) |
| Total financial assets available to meet general expenditures over the next 12 months | $ 20,130,645 |

The Organization is substantially supported by contributions without donor and with donor restrictions. 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. Some of the Organization's net assets with donor restrictions are available for general expenditure within one year of September 30, 2024, because the restrictions on the net assets are expected to be met by conducting the normal program activities of the Organization in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year. Furthermore, the Organization has a $1,500,000 line of credit of which may be drawn upon in the event of unanticipated financial distress or an immediate liquidity need.

## 4. *Fair Value Measurements*

FASB ASC 820-10 *Fair Value Measurements and Disclosures* establishes a framework for measuring fair value and provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

*Level 1* – Inputs are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access at the measurement date (examples include active exchange-traded equity and fixed income securities).

***4. Fair Value Measurements, continued***

*Level 2* – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in non-active markets (examples may include corporate and municipal bonds); pricing models whose inputs are observable for substantially the full term of the asset or liability (examples include most over the counter derivatives, including interest rate and currency swaps); and pricing models whose inputs are derived principally from or corroborated by observable market data. Level 2 assets also include investment funds that do not have a readily determinable fair value but meet other criteria and a net asset value per share, or its equivalent, is provided by the fund manager and the reporting entity has the ability to redeem its investment at the net asset value per share at the measurement date.

*Level 3* – Unobservable inputs for the asset or liability. Level 3 assets may not permit redemptions at net asset value, or its equivalent, at the measurement date. Management uses inputs that reflect assumptions a market participant would use in pricing the asset or liability (examples include certain private equity investments, hedge funds, non-public real estate, and split-interest agreements).

The asset's or liability's fair value measurement level 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.

*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 equivalents* – The carrying amount reported approximates fair value.

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

*Accounts payable and other current liabilities* – The carrying amount reported approximates fair value due to the short-term duration of the instrument.

*Lease obligations* – The carrying amount reported approximates fair value as the stated interest rates approximate market rates.

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

*Investments*:

- *Cash equivalents contained in investments* – Valued according to the market quotation provided by the custodian as of the close of business as of September 30, 2024 and 2023.
- *Mutual funds* – Valued at the fair market value of shares held by the custodian as of the close of business as of September 30, 2024 and 2023.

### 4. Fair Value Measurements, continued

*Beneficial Interest in Trusts*:

- *Irrevocable trusts* – Valued at the fair value of the assets held in the trust as reported by the trustee, discounted at a rate approximating current market rates.
- *Charitable remainder trust* – 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 trust* – Valued based on the Organization's proportionate share of the fair value of the underlying pooled investments reported by the custodian. The fair value of the underlying securities in the custodian's portfolio is not observable.

FASB ASC 825-10 *"Financial Instruments"* provides a fair value option election that allows entities to irrevocably elect fair value as the initial and subsequent measurement attribute for certain financial assets and liabilities. Changes in fair value for assets and liabilities for which the election is made will be recognized in earnings as they occur. The Organization's beneficial interest in trusts have been selected for this fair value election. There have been no changes in the methodologies used as of September 30, 2024.The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of September 30, 2024 and 2023:

| | As of September 30, 2024 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Investments: | | | | |
| Cash equivalents | $ 64,366 | $ - | $ - | $ 64,366 |
| Mutual funds | 17,959,473 | - | - | 17,959,473 |
| Total investments | 18,023,839 | - | - | 18,023,839 |
| Beneficial interest in trusts: | | | | |
| Irrevocable trusts | - | - | 360,514 | 360,514 |
| Charitable remainder trust | - | - | 1,212,558 | 1,212,558 |
| Perpetual income trust | - | - | 78,422 | 78,422 |
| Total beneficial interest in trusts | - | - | 1,651,494 | 1,651,494 |
| Total assets at fair value | $ 18,023,839 | $ - | $ 1,651,494 | $ 19,675,333 |

### 4. *Fair Value Measurements, continued*

| | As of September 30, 2023 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Investments: | | | | |
| Cash equivalents | $ 118,766 | $ - | $ - | $ 118,766 |
| Mutual funds | 18,922,696 | - | - | 18,922,696 |
| Total investments | 19,041,462 | - | - | 19,041,462 |
| Beneficial interest in trusts: | | | | |
| Irrevocable trusts | - | - | 633,218 | 633,218 |
| Charitable remainder trust | - | - | 951,693 | 951,693 |
| Perpetual income trust | - | - | 68,287 | 68,287 |
| Total beneficial interest in trusts | - | - | 1,653,198 | 1,653,198 |
| Total assets at fair value | $ 19,041,462 | $ - | $ 1,653,198 | $ 20,694,660 |

*Level 3 Gains and Losses*

The table below sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the years ended September 30, 2024 and 2023.

| | Irrevocable Trusts | Charitable Remainder Trust | Perpetual Income Trust | Total |
|---|---|---|---|---|
| Balance, October 1, 2022 | $ 343,263 | $ 831,231 | $ 64,379 | $ 1,238,873 |
| Issuances | 536,062 | - | - | 536,062 |
| Settlements | (246,107) | - | - | (246,107) |
| Change in present value | - | 120,462 | 3,908 | 124,370 |
| Balance, September 30, 2023 | 633,218 | 951,693 | 68,287 | 1,653,198 |
| Issuances | 125,000 | - | - | 125,000 |
| Settlements | (397,704) | - | - | (397,704) |
| Change in present value | - | 260,865 | 10,135 | 271,000 |
| Balance, September 30, 2024 | $ 360,514 | $ 1,212,558 | $ 78,422 | $ 1,651,494 |

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:

| | Valuation Techniques | Unobservable Inputs |
|---|---|---|
| Irrevocable trusts | Discounted cash flows, 3rd party valuation | Underlying assets, discount rate, and estimated growth |
| Charitable remainder trust | Discounted cash flows, 3rd party valuation | Life expectancy, discount rate, and estimated growth |
| Perpetual income trust | 3rd party valuation | Underlying securities |

## 5. Pledges Receivable

Pledges receivable as of September 30, 2024 and 2023, consist of the following:

| | 2024 | 2023 |
|---|---|---|
| Campaign pledges, undesignated | $ 763,997 | $ 558,378 |
| Campaign pledges, designated | 87,398 | 86,887 |
| Other pledges | 2,707 | 44,612 |
| | 854,102 | 689,878 |
| Less allowance for uncollectible pledges | (522,558) | (535,586) |
| Pledges receivable, net | $ 331,544 | $ 154,292 |

## 6. Investments

Investments at fair value as of September 30, 2024 and 2023, consist of the following:

| | 2024 | 2023 |
|---|---|---|
| Cash and cash equivalents: | | |
| TD Ameritrade Cash | $ 64,366 | $ 118,766 |
| Mutual funds: | | |
| Short-term Government Portfolio | 2,299,775 | - |
| Short-term Extended Quality Portfolio | 3,557,337 | 2,338,345 |
| Short-term Govt Inst | 1,121,299 | 5,360,770 |
| U.S. Core Equity I Portfolio | 6,582,622 | 6,901,368 |
| Global Real Estate Securities Portfolio | 1,076,599 | 957,208 |
| International Core Equity Portfolio | 2,183,840 | 2,277,339 |
| Emerging Markets Core Equity Portfolio | 1,138,001 | 1,087,666 |
| Total investments | $ 18,023,839 | $ 19,041,462 |

Net investment return consists of the following for the years ended September 30, 2024 and 2023:

| | 2024 | 2023 |
|---|---|---|
| Interest and dividends, net | $ 635,687 | $ 701,793 |
| Realized and change in unrealized gain | 2,793,379 | 1,691,391 |
| Net investment earnings | $ 3,429,066 | $ 2,393,184 |

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of financial position.

## 7. Beneficial Interest in Trusts

*Irrevocable Trusts*

The Organization has been named a qualified beneficiary of three irrevocable trusts. The Organization has recorded a beneficial interest in these trusts as restricted support based on its estimated share of the expected future cash flows, as reported by the trustees. As of September 30, 2024 and 2023, the estimated value of the Organization's beneficial interest in the trusts was $360,514 and $633,218, respectively. During the years ended September 30, 2024 and 2023, the Organization received $397,704 and $246,107, respectively, in distributions from these trusts.

*Charitable Remainder Trust*

The Organization has been named a remainder beneficiary of a charitable remainder annuity trust, which was created in 1987 upon the death of the trust settlor. Seven income beneficiaries are to receive, first from income and, to the extent that income is insufficient, from principal, a total annuity each year equal to a percentage of the initial fair market value of the trust assets. Upon the death of the last surviving individual beneficiary, twenty percent (20%) of the remaining principal is to be distributed to the Organization. The Organization has recorded a beneficial interest in this trust as restricted support based on the present value of the expected future cash flow payments, calculated using the estimated life expectancy of the beneficiaries, and a discount rate of 4.8% and 3.5% as of September 30, 2024 and 2023, respectively. The estimated value of the Organization's beneficial interest in the trust as of September 30, 2024 and 2023, was $1,212,558 and $951,693, respectively.

*Perpetual Income Trust*

The Organization is the income beneficiary of a perpetual income trust, whose assets are held by the Community Foundation for Palm Beach and Martin Counties, Inc. (the "Foundation") as an endowed component fund ("Fund"). Under the terms of the Fund, the Foundation's Board of Directors has a variance power to modify any restriction or condition on the distribution of funds for any specific charitable purpose or to specified organizations, if in their sole judgement (without the approval of any trustee, custodian, or agent), such restriction or conditions becomes, in effect, unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community or the area served by the Foundation. The Fund is subject to the Foundation's investment and spending policies. As of September 30, 2024 and 2023, the estimated value of the Organization's beneficial interest in the trust was $78,422 and $68,287, respectively. During the years ended September 30, 2024 and 2023, the Organization did not receive any distributions from the Fund.

## 8. Property and Equipment

Property and equipment as of September 30, 2024 and 2023, consist of the following:

| | 2024 | 2023 |
|---|---|---|
| Leasehold improvements | $ 646,840 | $ 646,840 |
| Furniture and equipment | 328,082 | 307,916 |
| | 974,922 | 954,756 |
| Less accumulated depreciation | (811,845) | (725,892) |
| Property and equipment, net | $ 163,077 | $ 228,864 |

## *9. Line of Credit*

The Organization has a line of credit with a financial institution in the amount of $1,500,000. The line of credit has a one-year term, which is renewable annually, and is collateralized by all business assets of the Organization. Interest is payable monthly at the Secured Overnight Financing Rate (SOFR) plus 2.00% (6.39% and 7.39% as of September 30, 2024 and 2023, respectively). The line of credit is currently set to mature on April 30, 2025. There was no outstanding balance on the line of credit as of September 30, 2024 and 2023.

## *10. Leases*

*Operating Lease*

The Organization leases office space for its headquarters in West Palm Beach, Florida under a noncancelable agreement extending through 2026. The office lease also requires the Organization to pay its share of certain common-area expenses.

Operating right-of-use assets as of September 30, 2024 and 2023, consisted of the following:

| | 2024 | 2023 |
|---|---|---|
| Office space | $ 372,662 | $ 372,662 |
| Less accumulated depreciation | (182,677) | (87,119) |
| Total operating right-of-use asset | $ 189,985 | $ 285,543 |

Operating lease obligation as of September 30, 2024 and 2023, consisted of the following:

| | 2024 | 2023 |
|---|---|---|
| Office space | $ 279,902 | $ 421,420 |
| Less current portion | (154,850) | (141,518) |
| Non-current portion | $ 125,052 | $ 279,902 |

Undiscounted future lease payments under operating lease as of September 30, 2024, for each of the next three years and in the aggregate are:

| | |
|---|---|
| 2025 | $ 167,112 |
| 2026 | 127,666 |
| Total future lease payments | 294,778 |
| Less discount to present value | (14,876) |
| Present value of future lease payments | 279,902 |
| Less current portion | (154,850) |
| Non-current portion | $ 125,052 |

Discount has been calculated using an interest of 6.25%, which approximate the incremental borrowing rates of the Organization for the acquisition of the related asset at the time the lease was recorded.

### *10. Leases, continued*

*Operating Lease, continued*

Operating lease expenses for the years ended September 30, 2024 and 2023, are included within the occupancy category in the statement of functional expenses and consisted of the following:

| | 2024 | 2023 |
|---|---|---|
| Depreciation | $ 95,558 | $ 87,119 |
| Finance charges | 21,505 | 29,944 |
| Total | $ 117,063 | $ 117,063 |

*Finance Lease*

The Organization leases certain equipment under a finance lease that expires in March 2026. The asset and liability under the finance lease were recorded at the lower of the present value of minimum lease payments or the fair value of the asset. The asset is amortized over the lower of its lease term or its estimated useful lives. Amortization of equipment under finance lease is included in depreciation expense in the accompanying financial statements. Depreciation of assets under finance leases charged to expense during the years ended September 30, 2024 and 2023, was $7,047 and $7,049, respectively.

Minimum future lease payments under the finance lease as of September 30, 2024, for each of the next three years and in the aggregate are:

| | |
|---|---|
| 2025 | $ 7,824 |
| 2026 | 3,912 |
| Total future lease payments | 11,736 |
| Less discount to present value | (503) |
| Present value of future lease payments | 11,233 |
| Less current portion | (7,371) |
| Non-current portion | $ 3,862 |

### *11. Net Assets*

Net assets as of September 30, 2024 and 2023, consist of the following:

| | 2024 | 2023 |
|---|---|---|
| Net assets without donor restrictions: | | |
| Expended for property and equipment | $ 163,077 | $ 228,864 |
| Board designated – endowment | 12,156,023 | 11,957,054 |
| Undesignated | 4,915,186 | 3,910,062 |
| Total net assets without donor restrictions | $ 17,234,286 | $ 16,095,980 |

### *11. Net Assets, continued*

| | 2024 | 2023 |
|---|---|---|
| Net assets with donor restrictions: | | |
| Donor restricted endowment | $ 195,264 | $ 192,281 |
| Beneficial interest in trusts | 1,651,493 | 1,653,197 |
| Emergency needs | 485,757 | 492,562 |
| Programs | 581,545 | 512,514 |
| Total net assets with donor restrictions | $ 2,914,059 | $ 2,850,555 |

### *12. Endowment Net Assets*

The Organization's endowments consist of funds established for a variety of purposes. Its endowments include funds designated by the board of directors to function as endowments (quasi-endowments). As required by U.S. GAAP, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has interpreted the Florida Uniform Management of Institutional Funds Act as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restriction (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.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds could fall below the level that the donor or law requires the Organization to retain as a fund of perpetual duration. Any such deficiencies of this nature would be reported in net assets with donor restriction. During the years ended September 30, 2024 and 2023, there were no such deficiencies.

Endowment net assets consist of the following as of September 30, 2024 and 2023:

| | September 30, 2024 | | |
|---|---|---|---|
| | Board Designated Endowment | With Donor Restrictions | Total |
| Donor-restricted endowment funds | $ - | $ 195,264 | $ 195,264 |
| Board-designated endowment funds | 12,156,023 | - | 12,156,023 |
| Total endowment funds | $ 12,156,023 | $ 195,264 | $ 12,351,287 |

### *12. Endowment Net Assets, continued*

| | September 30, 2023 | | |
|---|---|---|---|
| | Board Designated Endowment | With Donor Restrictions | Total |
| Donor-restricted endowment funds | $ - | $ 192,281 | $ 192,281 |
| Board-designated endowment funds | 11,957,054 | - | 11,957,054 |
| Total endowment funds | $ 11,957,054 | $ 192,281 | $ 12,149,335 |

Changes in the endowment net assets for the years ended September 30, 2024 and 2023, consisted of the following:

| | Board Designated Endowment | With Donor Restrictions | Total |
|---|---|---|---|
| Endowment net assets, October 1, 2022 | $ 10,779,787 | $ 173,349 | $ 10,953,136 |
| Investment return, net | 1,340,505 | 33,305 | 1,373,810 |
| Receipts / contributions | 276,622 | - | 276,622 |
| Appropriation for operating expenditures | (439,860) | (14,373) | (454,233) |
| Endowment net assets, September 30, 2023 | 11,957,054 | 192,281 | 12,149,335 |
| Investment return, net | 2,076,309 | 43,581 | 2,119,890 |
| Receipts / contributions | 568,035 | - | 568,035 |
| Appropriation for operating expenditures | (2,445,375) | (40,598) | (2,485,973) |
| Endowment net assets, September 30, 2024 | $ 12,156,023 | $ 195,264 | $ 12,351,287 |

### *13. Retirement Plan*

The Organization has a 401(k) plan which is available to all non-limited duration employees who have been with the Organization at least three months. After one year of service, the Organization contributes 5% of the employee's total compensation and 50% of the employee's contribution up to a limit of 6% of compensation. Contributions totaled $196,490 and $124,931 for the years ended September 30, 2024 and 2023, respectively, and are included with employee benefits in the statement of functional expenses.

### *14. Contingencies*

The Organization receives grants from various sources to supplement its programs. Grant income represents 39% and 50% of total revenues and support for the years ended September 30, 2024 and 2023, respectively. Any loss of funding could have a negative impact on community services provided by the Organization. These grants require the fulfillment of certain conditions as set forth in the instrument of a grant. Failure to fulfill the conditions, or failure to continue to fulfill them, could result in the return of the funds to grantors. Although this circumstance is a possibility, management believes that any potential loss would not have a material adverse effect on the financial statements.

## *15. Concentrations and Credit Risk*

The Organization maintains most of its cash balances at one financial institution. Cash accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. As of September 30, 2024 and 2023, the Organization's cash balances held at financial institutions exceeded FDIC insured limits by $1,678,677 and $1,180,236, respectively.

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 September 30, 2024 and 2023, the security balances exceeded the SPIC insurance limit.

Credit risk for pledges receivable is concentrated as well because substantially all of the balances are receivable from individuals/companies located within the same geographic region. Additionally, campaign pledges received from one (1) donor comprised 23% and 21% of the total gross campaign contributions for the years ended September 30, 2024 and 2023, respectively, and 69% and 59% of total pledges receivable as of September 30, 2024 and 2023, respectively.

The Organization received most of its grant income from two (2) grantors. Grant income received from these grantors comprised 67% and 83% of total grant income for the years ended September 30, 2024 and 2023, respectively, and 0% and 68% of total grants receivable as of September 30, 2024 and 2023, respectively.

## *16. Subsequent Events*

Management has evaluated subsequent events through March 20, 2025, the date on which the financial statements were available to be issued, and determined there were no further disclosures required to be presented in these financial statements.