



DASZKALBOLTON
accountants & advisors

United Way of Palm Beach County, Inc.

Financial Statements

September 30, 2021 and 2020

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Palm Beach County, Inc. (the "Organization"), which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Continued from previous page

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of United Way of Palm Beach County, Inc. as of September 30, 2021 and 2020, 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.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 3, 2022, on our consideration of United Way of Palm Beach County, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way of Palm Beach County, Inc.'s internal control over financial reporting and compliance.

Accountal Balston LLP

Boca Raton, Florida
March 3, 2022

United Way of Palm Beach County, Inc.
 Statements of Financial Position
 September 30, 2021 and 2020

Assets		
	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents	\$ 696,144	\$ 1,982,661
Receivables:		
Pledges receivable, net	1,110,112	1,235,730
Grants	44,036	41,987
Prepaid expenses	51,954	29,661
Deposits	15,728	6,100
Total current assets	<u>1,917,974</u>	<u>3,296,139</u>
Non-current assets:		
Investments	24,390,354	12,087,219
Beneficial interests in trusts	519,903	424,447
Beneficial interest in perpetual trust	37,037	29,637
Beneficial interest in charitable remainder trust	1,285,380	1,049,018
Property and equipment, net	365,651	437,817
Total non-current assets	<u>26,598,325</u>	<u>14,028,138</u>
Total assets	<u>\$ 28,516,299</u>	<u>\$ 17,324,277</u>
Liabilities and Net Assets		
Current liabilities:		
Allocations payable	\$ 3,278,023	\$ 3,266,913
Designations payable	57,125	169,182
Accounts payable and accrued expenses	641,021	534,988
Deferred revenue	510,107	1,024,590
Current portion of annuity obligations	-	18,250
Total current liabilities	<u>4,486,276</u>	<u>5,013,923</u>
Non-current liabilities:		
Annuity obligations, net of current portion	-	46,120
Total liabilities	<u>4,486,276</u>	<u>5,060,043</u>
Commitments and contingencies		
Net assets:		
Without donor restriction	20,161,892	8,642,866
With donor restriction	3,868,131	3,621,368
Total net assets	<u>24,030,023</u>	<u>12,264,234</u>
Total liabilities and net assets	<u>\$ 28,516,299</u>	<u>\$ 17,324,277</u>

See accompanying notes to financial statements.

United Way of Palm Beach County, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2021

	Without Donor Restriction	With Donor Restriction	Total
Public support and revenue:			
Public support:			
Gross campaign contributions	\$ 5,480,740	\$ 3,623,446	\$ 9,104,186
Less:			
Designation to other agencies	-	(2,644,543)	(2,644,543)
Provision for uncollectible pledges	-	(899,460)	(899,460)
Net campaign contributions	<u>5,480,740</u>	<u>79,443</u>	<u>5,560,183</u>
In-kind contributions	310,758	-	310,758
Bequest revenue	174,790	206,719	381,509
Transformational gift	10,000,000	-	10,000,000
Change in value of planned giving instruments	-	243,762	243,762
Other contributions	19,815	-	19,815
Total public support	<u>15,986,103</u>	<u>529,924</u>	<u>16,516,027</u>
Revenue:			
Special events	10,931	-	10,931
Grants	9,264,802	-	9,264,802
Grant administrative fee, CARES Act	240,000	-	240,000
Annuity liability extinguishment	75,016	-	75,016
Net investment return	2,463,485	35,762	2,499,247
Designation fees	131,117	-	131,117
Net assets released from restriction	318,923	(318,923)	-
Total public support and revenue	<u>28,490,377</u>	<u>246,763</u>	<u>28,737,140</u>
Expenses:			
Program services	17,342,527	-	17,342,527
Less: donor designations	(2,644,543)	-	(2,644,543)
Net program services	<u>14,697,984</u>	<u>-</u>	<u>14,697,984</u>
Management and general	784,322	-	784,322
Fundraising and other events	1,489,045	-	1,489,045
Total expenses	<u>16,971,351</u>	<u>-</u>	<u>16,971,351</u>
Change in net assets	11,519,026	246,763	11,765,789
Net assets at beginning of year	<u>8,642,866</u>	<u>3,621,368</u>	<u>12,264,234</u>
Net assets at end of year	<u>\$ 20,161,892</u>	<u>\$ 3,868,131</u>	<u>\$ 24,030,023</u>

See accompanying notes to financial statements.

United Way of Palm Beach County, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2020

	Without Donor Restriction	With Donor Restriction	Total
Public support and revenue:			
Public support:			
Gross campaign contributions	\$ 4,313,067	\$ 7,338,877	\$ 11,651,944
Less:			
Designation to other agencies	-	(3,330,233)	(3,330,233)
Provision for uncollectible pledges	-	(762,917)	(762,917)
Net campaign contributions	<u>4,313,067</u>	<u>3,245,727</u>	<u>7,558,794</u>
In-kind contributions	300,313	-	300,313
Bequest revenue	239,678	-	239,678
Change in value of planned giving instruments		76,435	76,435
Other contributions	14,255	-	14,255
Total public support	<u>4,867,313</u>	<u>3,322,162</u>	<u>8,189,475</u>
Revenue:			
Special events	79,192	-	79,192
Grants	4,882,885	-	4,882,885
Net investment return	674,315	9,708	684,023
Designation fees	103,135	-	103,135
Net assets released from restriction	3,411,388	(3,411,388)	-
Total public support and revenue	<u>14,018,228</u>	<u>(79,518)</u>	<u>13,938,710</u>
Expenses:			
Program services	14,569,495	-	14,569,495
Less: donor designations	(3,330,233)	-	(3,330,233)
Net program services	<u>11,239,262</u>	-	<u>11,239,262</u>
Management and general	742,277	-	742,277
Fundraising and other events	1,532,993	-	1,532,993
Total expenses	<u>13,514,532</u>	<u>-</u>	<u>13,514,532</u>
Change in net assets	503,696	(79,518)	424,178
Net assets at beginning of year	<u>8,139,170</u>	<u>3,700,886</u>	<u>11,840,056</u>
Net assets at end of year	<u>\$ 8,642,866</u>	<u>\$ 3,621,368</u>	<u>\$ 12,264,234</u>

See accompanying notes to financial statements.

United Way of Palm Beach County, Inc.
Statement of Functional Expenses
For the Year Ended September 30, 2021

	Program Services	Support Services		Total
		Management and General	Fundraising and Other Events	
Allocations to agencies and designation to others	\$ 5,911,456	\$ -	\$ -	\$ 5,911,456
Less: donor designations	(2,644,543)	-	-	(2,644,543)
Net allocations	3,266,913	-	-	3,266,913
Grants to others	8,320,660	-	-	8,320,660
Salaries	2,059,698	269,691	641,427	2,970,816
Employee benefits	227,657	132,655	151,039	511,351
Payroll taxes	99,277	46,847	74,729	220,853
Professional and consulting fees	193,205	77,414	17,483	288,102
Occupancy	79,131	55,663	64,155	198,949
Sponsored events and meetings	14,541	871	8,302	23,714
Printing and publications	48,113	3,998	111,762	163,873
Conferences	421	161	-	582
National and state affiliation dues	107,916	99,393	98,643	305,952
Telephone	14,652	8,952	9,453	33,057
Supplies	15,094	9,186	4,511	28,791
Travel	6,170	8,348	1,170	15,688
Depreciation	37,352	25,499	31,135	93,986
Insurance	13,726	10,188	11,442	35,356
Processing and bank fees	-	-	35,278	35,278
Postage	373	687	7,031	8,091
Rental and maintenance of equipment	44,486	30,551	35,950	110,987
Recognition	1,525	417	436	2,378
Staff development	44,453	3,801	-	48,254
In-kind contributions	102,621	-	177,010	279,631
Special events	-	-	8,089	8,089
Total expenses	\$ 14,697,984	\$ 784,322	\$ 1,489,045	\$ 16,971,351

See accompanying notes to financial statements.

United Way of Palm Beach County, Inc.
Statement of Functional Expenses
For the Year Ended September 30, 2020

	Program Services	Support Services		Total
		Management and General	Fundraising and Other Events	
Allocations to agencies and designation to others	\$ 6,597,146	\$ -	\$ -	\$ 6,597,146
Less: donor designations	(3,330,233)	-	-	(3,330,233)
Net allocations	3,266,913	-	-	3,266,913
Grants to others	4,954,182	-	-	4,954,182
Salaries	2,004,649	263,725	632,459	2,900,833
Employee benefits	216,280	84,780	151,042	452,102
Payroll taxes	94,896	52,825	65,527	213,248
Professional and consulting fees	152,713	139,139	3,485	295,337
Occupancy	86,086	55,676	62,130	203,892
Sponsored events and meetings	26,955	1,663	35,764	64,382
Printing and publications	45,999	871	70,764	117,634
Conferences	9,481	-	1,636	11,117
National and state affiliation dues	84,119	54,116	61,804	200,039
Telephone	9,619	4,706	7,140	21,465
Supplies	21,455	8,050	8,362	37,867
Travel	8,664	11,421	4,479	24,564
Depreciation	44,061	22,478	32,024	98,563
Insurance	14,098	7,140	10,212	31,450
Processing and bank fees	-	-	45,658	45,658
Postage	2,383	1,642	7,416	11,441
Rental and maintenance of equipment	51,323	30,373	36,335	118,031
Recognition	1,580	2,745	3,493	7,818
Staff development	23,885	927	1,188	26,000
In-kind contributions	119,921	-	141,864	261,785
Special events	-	-	150,211	150,211
Total expenses	<u>\$ 11,239,262</u>	<u>\$ 742,277</u>	<u>\$ 1,532,993</u>	<u>\$ 13,514,532</u>

See accompanying notes to financial statements.

United Way of Palm Beach County, Inc.
 Statements of Cash Flows
 For the Years Ended September 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 11,765,789	\$ 424,178
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	93,986	98,563
Net realized and unrealized gains from investments	(2,216,878)	(357,928)
Provision for uncollectible pledges	899,460	762,917
(Increase) in value of planned giving instruments	(243,762)	(76,435)
Contributed stock	(108,932)	-
Change in operating assets:		
Pledges receivable	(773,843)	(562,279)
Grants receivable	(2,049)	15,254
Other receivable	-	8,516
Prepaid expenses	(31,921)	26,989
Beneficial interests in trusts	(95,456)	7,867
Change in operating liabilities:		
Allocations payable	11,111	91,500
Designations payable	(112,057)	(139,594)
Accounts payable and accrued expenses	106,033	(5,306)
Deferred revenue	(514,483)	126,269
Annuity liability	(64,370)	(2,669)
Net cash provided by operating activities	<u>8,712,628</u>	<u>417,842</u>
Cash flows from investing activities:		
Purchase of investments	(11,108,811)	(1,569,075)
Proceeds from sale of investments	1,131,486	1,072,877
Purchase of property and equipment	(21,820)	(19,598)
Net cash used in investing activities	<u>(9,999,145)</u>	<u>(515,796)</u>
Cash flows from financing activities:		
Payment on line of credit	(200,000)	-
Advance from line of credit	200,000	-
Net cash provided by financing activities	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents	(1,286,517)	(97,954)
Cash and cash equivalents, beginning of year	<u>1,982,661</u>	<u>2,080,615</u>
Cash and cash equivalents, end of year	<u>\$ 696,144</u>	<u>\$ 1,982,661</u>

See accompanying notes to financial statements.

Note 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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restriction: Net assets 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 restriction: Net assets 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 by the donor has stipulated the funds be maintained in perpetuity.

Accounting Estimates

The preparation of financial statements in conformity with 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.

Note 2 – Summary of Significant Accounting Policies, continued

Revenue Recognition

The Organization recognizes contribution revenue in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“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 revenue 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 and changes in net assets as “net assets released from restriction”.

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.

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, revenues from grants are generally recognized in the statement of activities and changes in net assets 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 revenue.

Note 2 – Summary of Significant Accounting Policies, 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. Certain funds in these accounts are subject to external restrictions or limitations on its use, including cash received under grant agreements which has not been expended for the specified purpose and cash held for others under agency relationships (including designated contributions received but not yet paid out to the other agencies). At September 30, 2021 and 2020, cash and cash equivalents subject to these restrictions or limitations amounted to \$696,144 and \$1,982,661, respectively.

Investments

The Organization reports investments at fair value. 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 and changes in net assets 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. The 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.

Fair Value Measurement

ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value, which includes a hierarchy based on the quality of inputs used to measure fair value and provides specific disclosure requirements based on the hierarchy. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Organization categorizes its financial instruments, as well as certain other assets reported at fair value, based on the priority of the inputs to the valuation technique into a three-level fair value hierarchy. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value of the instrument.

Note 2 – Summary of Significant Accounting Policies, continued

Fair Value Measurement, continued

Financial instruments and other assets recorded at fair value on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

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).

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).

Pledges Receivable 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 are recognized over the period of the promise as contribution revenue.

Grants receivable are due from federal and local agencies and private companies and are stated at net realizable value.

Note 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:

	<u>Years</u>
Leasehold improvements	10
Furniture and equipment	4 - 10

Donated Services and Materials

The Organization recognizes the fair value of donated services received if such services: (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

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.

Donated materials that can be used or sold are recognized as in-kind contributions at fair value when received from or unconditionally promised by a donor.

Donated services received during the years ended September 30, 2021 and 2020 were \$310,758 and \$256,272, respectively. Donated materials received during the years ended September 30, 2021 and 2020 were \$0 and \$44,041, respectively.

Allocations Payable to Agencies

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. At September 30, 2021 and 2020, allocations payable was \$3,278,023 and \$3,266,913, respectively.

Note 2 – Summary of Significant Accounting Policies, continued

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.

Functional Allocation of Expenses

The costs of providing the programs and other activities have been summarized on a functional basis in the accompanying statements of activities and changes in net assets. 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.

Charitable Gift Annuity Program and Split Interest Agreements

The Organization had a charitable gift annuity program which was terminated during the year ended September 30, 2021. In 1997, The Organization received a transfer of assets from a donor and agreed to pay an annuitant a fixed amount of money periodically for their lifetime. During the year ended September 30, 2021, upon the death of the annuitant, the agreement terminated and the remaining balance due to the annuitant was released to revenue as annuity liability extinguishment for \$75,016 in the accompanying statement of activities and changes in net assets. At September 30, 2021 and 2020, the annuity obligation was \$0 and \$64,370, respectively.

The Organization is a residual beneficiary of split-interest agreements whereby another entity serves as trustee. These split-interest agreements include trusts, a charitable remainder trust and a perpetual 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 the remaining balance (or proportionate share) from the trustee which is available for the general use of the Organization. Donor restricted contribution revenue (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).

The Organization has a beneficial interest in one perpetual trust which 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 are used to measure the beneficial interest. As the cash or 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 restriction "change in value of planned giving instruments" in the statements of activities and changes in net assets.

Note 2 – Summary of Significant Accounting Policies, continued

Charitable Gift Annuity Program and Split Interest Agreements, continued

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 time the Organization recognizes revenue with donor restriction “bequest revenue” in the statements of activities and changes in net assets 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 statements of activities and changes in net assets as “net assets released from restriction”. At September 30, 2021 and 2020, management recorded their estimated share of the net fair market value from remainder beneficiary interests in trusts in the amount of \$519,903 and \$424,447, respectively, as a non-current asset.

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.

Recent Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (“ASU”) No. 2016-02, *Leases*. The new standard establishes a right-of-use (“ROU”) model that requires a lessee to record a ROU asset and a lease liability on the statements of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities and changes in net assets. The Organization has not entered into any leasing arrangements where they are the lessor. The new standard is effective for fiscal years beginning after December 15, 2021. Management is currently evaluating the impact this ASU will have on the financial statements.

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU is intended to increase transparency on how contributed nonfinancial assets (in-kind contributions) received by non-profits are to be used and how they are valued. This ASU is effective for annual reporting periods beginning after June 15, 2021. Early adoption is permitted. Management is currently evaluating the impact this ASU will have on the financial statements.

Note 2 – Summary of Significant Accounting Policies, continued

Adopted Accounting Pronouncement

On October 1, 2020, the Organization adopted FASB ASU No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* using a modified prospective approach. The ASU is intended to assist entities in evaluating whether transactions should be accounted for as contributions or an exchange transaction, as well as determining whether a contribution is conditional. There was no impact to revenue or expenses associated with adopting ASU No. 2018-08.

Date of Management's Review

The Organization evaluated events and transactions for potential recognition or disclosure in the financial statements through March 3, 2022, the date the financial statements were available to be issued.

Note 3 – Liquidity and Availability of Resources

The Organization's financial assets available to meet cash needs for general expenditure, without donor or other restrictions limiting their use, within one year at September 30, 2021 consist of:

Financial assets:	
Cash and cash equivalents	\$ 696,144
Pledges receivable, net	1,110,112
Grants receivable	44,036
Investments	24,390,354
Total financial assets	<u>26,240,646</u>
Less: financial assets unavailable for general expenditure within one year due to:	
Restricted by donors with purpose restrictions	(1,823,119)
Restricted by donors in perpetuity, endowment	<u>(202,692)</u>
Total financial assets unavailable for general expenditure	(2,025,811)
 Total financial assets available within one year to meet cash needs for general expenditure	 <u>\$ 24,214,835</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Note 4 – Concentrations of 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. At September 30, 2021 and 2020, the Organization’s cash balances held at financial institutions exceeded FDIC insured limits by \$510,130 and \$2,125,835, respectively.

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 of 21% and 16% of the total gross campaign contributions for the year ended September 30, 2021 and 2020, and 63% and 56% of total pledges receivable at September 30, 2021 and 2020, respectively.

The Organization receives most of its grant revenue from one (1) grantor. Grant revenue received from this grantor comprised of 15% and 74% of total grant revenue for the years ended September 30, 2021 and 2020, and 0% of total grants receivable at September 30, 2021 and 2020.

Note 5 – Investments

The Organization’s investments at fair value are comprised of the following at September 30:

	<u>2021</u>	<u>2020</u>
Mutual funds:		
TD Ameritrade Cash	\$ 24,980	\$ 48,152
Short-Term Government Portfolio	2,411,333	2,202,694
Short-Term Extended Quality Portfolio	2,221,814	2,208,783
Short Term Govt Inst	6,738,193	239,886
U.S. Core Equity I Portfolio	7,834,552	4,349,807
Global Real Estate Securities Portfolio	1,351,269	715,425
International Core Equity Portfolio	2,599,161	1,560,215
Emerging Markets Core Equity Portfolio	1,209,052	762,257
Total investments	<u>\$ 24,390,354</u>	<u>\$ 12,087,219</u>

Net investment return consists of the following for the years ended September 30:

	<u>2021</u>	<u>2020</u>
Net investment return:		
Interest and dividends	\$ 282,369	\$ 326,095
Net realized and unrealized gains	2,216,878	357,928
Total net investment return	<u>\$ 2,499,247</u>	<u>\$ 684,023</u>

Note 5 – Investments, continued

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 statements of financial position.

Note 6 – Pledges Receivable

Pledges receivable consist of the following at September 30:

	<u>2021</u>	<u>2020</u>
Campaign pledges, undesignated	\$ 1,656,647	\$ 1,666,039
Campaign pledges, designated	57,125	169,181
	<u>1,713,772</u>	<u>1,835,220</u>
Less: allowance for uncollectible pledges	(603,660)	(599,490)
Pledges receivable, net	<u>\$ 1,110,112</u>	<u>\$ 1,235,730</u>

Note 7 – Beneficial Interest in 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 present value of the expected future cash flow payments to the beneficiaries, based on their estimated life expectancies and discounted at 3.5% for September 30, 2021 and 2020, was deducted from the fair market value of the trust principal. A noncurrent asset of \$1,285,380 and \$1,049,018 has been recognized, representing the Organization's share of the net fair market value of the trust principal at September 30, 2021 and 2020, respectively. The change in the value of the trust is reported in the statements of activities and changes in net assets in net assets with donor restriction.

United Way of Palm Beach County, Inc.
Notes to Financial Statements

Note 8 – Fair Value Measurements

At September 30, 2021 and 2020, the fair value of assets recognized in the accompanying statements of financial position at fair value on a recurring basis and the level within the fair value hierarchy is as follows:

	At September 30, 2021			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets:				
Investments:				
Mutual funds	\$ 24,390,354	\$ -	\$ -	\$ 24,390,354
Total investments	<u>\$ 24,390,354</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,390,354</u>
Beneficial interest in split-interest agreements:				
Trusts	\$ -	\$ -	\$ 519,903	\$ 519,903
Perpetual trust	-	-	37,037	37,037
Charitable remainder trust	-	-	1,285,380	1,285,380
Total beneficial interest in split-interest agreements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,842,320</u>	<u>\$ 1,842,320</u>
	At September 30, 2020			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Investments:				
Mutual funds	\$ 12,087,219	\$ -	\$ -	\$ 12,087,219
Total investments	<u>\$ 12,087,219</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,087,219</u>
Beneficial interest in split-interest agreements:				
Trusts	\$ -	\$ -	\$ 424,447	\$ 424,447
Perpetual trust	-	-	29,637	29,637
Charitable remainder trust	-	-	1,049,018	1,049,018
Total beneficial interest in split-interest agreements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,503,102</u>	<u>\$ 1,503,102</u>

Note 8 – Fair Value Measurements, continued

The following tables summarize changes in fair value of the Level 3 assets for which unobservable inputs were used to determine fair value:

	Beginning Balance September 30, 2020	Changes in Value Included in Net Assets	Ending Balance September 30, 2021
Beneficial interest in split-interest agreements:			
Trusts	\$ 424,447	\$ 95,456	\$ 519,903
Perpetual trust	29,637	7,400	37,037
Charitable remainder trust	1,049,018	236,362	1,285,380
Total beneficial interest in split-interest agreements	<u>\$ 1,503,102</u>	<u>\$ 339,218</u>	<u>\$ 1,842,320</u>

	Beginning Balance September 30, 2019	Changes in Value Included in Net Assets	Ending Balance September 30, 2020
Beneficial interest in split-interest agreements:			
Trusts	\$ 432,314	\$ (7,867)	\$ 424,447
Perpetual trust	27,561	2,076	29,637
Charitable remainder trust	974,659	74,359	1,049,018
Total beneficial interest in split-interest agreements	<u>\$ 1,434,534</u>	<u>\$ 68,568</u>	<u>\$ 1,503,102</u>

There were no transfers between Levels 1, 2 and 3 during the years ended September 30, 2021 or 2020.

At September 30, 2021 and 2020, there were no financial assets or liabilities measured at fair value on a nonrecurring basis in periods subsequent to initial recognition.

Level 1 fair value measurements using significant observable inputs include investments in mutual funds whose values are based on quoted prices for identical assets or liabilities in an active market that the Organization has the ability to access.

Level 3 fair value measurements using significant unobservable inputs include the Organization's beneficial interest in split-interest agreements. The subject of the fair value measurement (unit of account) for a beneficial interest in a trust is each individual beneficial interest. As there is currently no market in which beneficial interests in charitable trusts trade, there is no observable exit price for a beneficial interest. The valuation technique and inputs used in determining fair value of the beneficial interest in split-interest agreements varies depending on the specific terms of the

Note 8 – Fair Value Measurements, continued

agreements, and is based on information furnished by the independent trustee. Refer to Note 2 for a description of the terms of the Organization's split-interest agreements. The fair value of the beneficial interest in perpetual trust is measured using the Organization's proportionate share of the fair value of the trust assets. The fair value of the beneficial interests in the trusts are measured using the Organization's remainder share of the fair value of the trust assets. The fair market value of trust assets are obtained from the trustee. For the charitable remainder trust, the fair value of the beneficial interest is estimated based on the fair value of the assets (as obtained from the trustee) less the fair value of the payments to be made to other beneficiaries. The latter is calculated using an income approach in the form of a present value technique based on assumptions including a risk adjusted discount rate of 3.5% at September 30, 2021 and 2020 and published life expectancy tables.

Financial Instruments Not Measured at Fair Value

The carrying amounts of cash and cash equivalents, pledges, and grants receivable approximate fair value because of the terms and relatively short maturity of these financial instruments.

The carrying amounts of allocations and designations payable, accounts payable and accrued liabilities approximate fair value because of the terms and relatively short maturity of these financial instruments.

Note 9 – Property and Equipment

Property and equipment consist of the following at September 30:

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 646,840	\$ 646,840
Furniture and equipment	269,818	247,998
	<u>916,658</u>	<u>894,838</u>
Less: accumulated depreciation	(551,007)	(457,021)
Property and equipment, net	<u>\$ 365,651</u>	<u>\$ 437,817</u>

Depreciation expense for the years ended September 30, 2021 and 2020 was \$93,986 and \$98,563, respectively.

Note 10 – Net Assets

Net assets consist of the following at September 30:

	<u>2021</u>	<u>2020</u>
Net assets without donor restriction:		
Expended for property and equipment	\$ 365,651	\$ 437,817
Board designated:		
Endowment	12,563,581	10,716,268
Undesignated	7,232,660	(2,511,219)
Total net assets without donor restriction	<u>\$ 20,161,892</u>	<u>\$ 8,642,866</u>
Net assets with donor restriction:		
Undesignated pledges receivable, net	\$ 1,051,966	\$ 1,067,472
Donor restricted endowment	202,692	173,885
Beneficial interests in trusts	519,903	424,447
Beneficial interest perpetual trust	37,037	29,637
Emergency needs/disaster assistance funds	499,633	511,231
Beneficial interest in charitable remainder trust	1,285,380	1,049,018
Programs	271,520	365,678
Total net assets with donor restriction	<u>\$ 3,868,131</u>	<u>\$ 3,621,368</u>

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.

United Way of Palm Beach County, Inc.
Notes to Financial Statements

Note 10 – Net Assets, continued

Endowment Net Assets, continued

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, 2021 and 2020, there were no such deficiencies.

Endowment net assets consist of the following at September 30:

	2021		
	Without	With	Total
	Donor Restriction	Donor Restriction	
Donor restricted endowment funds	\$ -	\$ 202,692	\$ 202,692
Board designated endowment funds	12,563,581	-	12,563,581
Total	<u>\$ 12,563,581</u>	<u>\$ 202,692</u>	<u>\$ 12,766,273</u>

	2020		
	Without	With	Total
	Donor Restriction	Donor Restriction	
Donor restricted endowment funds	\$ -	\$ 173,885	\$ 173,885
Board designated endowment funds	10,716,268	-	10,716,268
Total	<u>\$ 10,716,268</u>	<u>\$ 173,885</u>	<u>\$ 10,890,153</u>

Changes to endowment net assets are as follows for the years ended September 30, 2021 and 2020:

	Without	With	Total
	Donor Restriction	Donor Restriction	
Endowment net assets, September 30, 2019	\$ 9,974,970	\$ 165,532	\$ 10,140,502
Investment return	592,431	9,708	602,139
Receipts/contributions	256,003	-	256,003
Appropriated for operating expenditures	(107,136)	(1,355)	(108,491)
Endowment net assets, September 30, 2020	<u>10,716,268</u>	<u>173,885</u>	<u>10,890,153</u>
Investment return	1,987,360	35,762	2,023,122
Receipts/contributions	291,178	-	291,178
Appropriated for operating expenditures	(431,225)	(6,955)	(438,180)
Endowment net assets, September 30, 2021	<u>\$ 12,563,581</u>	<u>\$ 202,692</u>	<u>\$ 12,766,273</u>

Note 11 – Contingency

The Organization receives grants from various sources to supplement its programs. Grant revenue represents 32% and 35% of total revenues for the years ended September 30, 2021 and 2020, 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 is a possibility, management believes that any potential loss would not have a material adverse effect on the financial statements.

Note 12 – 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 \$128,356 and \$86,061 for the years ended September 30, 2021 and 2020, respectively.

Note 13 – Operating Leases

The Organization leases office space for its headquarters in West Palm Beach, Florida under a non-cancelable agreement extending through 2026. The following is a schedule of future minimum lease payments required under the above operating lease at September 30, 2021:

<u>Years Ending September 30,</u>	
2022	\$ 155,136
2023	159,012
2024	163,020
2025	167,115
2026	127,665
Thereafter	-
Total minimum lease obligation	<u>\$ 771,948</u>

Rent expense on the lease for the years ended September 30, 2021 and 2020 was \$180,565 and \$180,858, respectively.

Note 14 – Line of Credit

On November 30, 2011, the Organization entered into a line of credit agreement with a financial institution in the amount of \$1,000,000. On January 28, 2014, there were modifications to the terms of the line of credit, which included an increase in the amount available for borrowing to \$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 Daily Libor plus 2.75% (3.5% and 2.9% at September 30, 2021 and 2020, respectively).

Since execution, there were further extensions of the term. Currently, the line of credit is set to expire on April 30, 2022. All other terms and conditions of the note and other agreements and documents executed in connection with the original agreement remain in full force and effect.

Interest expense was \$0 for the years ended September 30, 2021 and 2020. There was no outstanding balance on the line of credit at September 30, 2021 and 2020.

Note 15 – Transformational Gift

On November 30, 2020, the Organization received a cash contribution of \$10,000,000 (the "Contribution"). The Contribution is not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Contribution is reported as transformational gift in the accompanying statement of activities and changes in net assets for the year ended September 30, 2021.

The Organization will be investing these funds in various initiatives to improve the lives of residents in Palm Beach County over the next few years through an intensive and deliberative process with internal and external stakeholders. The Organization has commenced planning initiatives for Mission United and Hunger Relief Programs.

Note 16 – Paycheck Protection Program

On April 16, 2020, the Organization was granted a \$537,500 loan under the Paycheck Protection Program (the "PPP") administered by a Small Business Administration (the "SBA") approved lender. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with ASC 958, *Not-For-Profit Entities* guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Organization has recognized \$537,500 as grant revenue for the year ended September 30, 2020. On December 23, 2020, the Organization was notified by its lender that the SBA approved loan forgiveness for the entire amount granted of \$537,500 and remitted payment to the lender bringing the outstanding balance of the PPP loan to \$0.

Note 17 – Uncertainty of Risk

The COVID-19 pandemic (the “Pandemic”), whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the Pandemic. The Organization is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of the Pandemic on the Organization’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization’s donors, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which the Pandemic may impact the Organization’s financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this Pandemic.

Supplementary Schedule

United Way of Palm Beach County, Inc.
 Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 2021

<u>Grantor/Pass-through Agency Program Title</u>	<u>CFDA Number</u>	<u>Award Amount</u>	<u>Expenditures</u>	<u>Amounts Paid to Subrecipients</u>
EXPENDITURES OF FEDERAL AWARDS				
U.S. Department of the Treasury:				
Pass-through from Palm Beach County Board of County Commissioners:				
Coronavirus Aid, Relief, and Economic Security Act ("CARES ACT")				
Coronavirus Relief Fund	21.019	\$ 4,240,000	\$ 4,240,000	\$ -
Total CARES ACT		4,240,000	4,240,000	-
Internal Revenue Service:				
Volunteer Income Tax Assistance ("VITA") Matching Grant Program	21.009	147,000	147,000	-
Total U.S. Department of the Treasury		4,387,000	4,387,000	-
Total Expenditures of Federal Awards		\$ 4,387,000	\$ 4,387,000	\$ -

United Way of Palm Beach County, Inc.
Notes to the Schedule of Expenditures of Federal Awards

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the Organization and is presented on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (“CFR”) Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirement for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The Organization has elected to use the 10% de minimis indirect cost rate on the federal VITA program during the year ended September 30, 2021.

Note 2 – Reconciliation of Schedule of Expenditures of Federal Awards to the Statement of Activities and Changes in Net Assets

The following schedule is a reconciliation of total expenditures as shown on the Schedule to the revenue shown in the accompanying statement of activities and changes in net assets for the year ended September 30, 2021:

Total expenditures on the Schedule	\$ 4,387,000
Add: non-governmental grants	1,670,982
Add: county governmental grants	3,446,820
Less: grant administrative fee, CARES Act	<u>(240,000)</u>
Total grant revenue on the statements of activities and changes in net assets	<u><u>\$ 9,264,802</u></u>

Independent Auditors' Reports Required by
Government Auditing Standards and
Uniform Guidance

**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed
in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way of Palm Beach County, Inc. (the "Organization"), which comprise the statement of financial position as of September 30, 2021 and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 3, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Continued from previous page

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Accountal Capital LLP

Boca Raton, Florida
March 3, 2022

**Independent Auditors' Report on Compliance for Each
Major Federal Program and on Internal Control
Over Compliance Required by the Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

We have audited United Way of Palm Beach County, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Organization's major federal program for the year ended September 30, 2021. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2021.

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Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Coastal Capital LLP

Boca Raton, Florida
March 3, 2022

**Schedule of Findings
and
Questioned Costs**

United Way of Palm Beach County, Inc.

Schedule of Findings and Questioned Costs

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified		
Internal controls over financial reporting:			
Material weakness(es) identified?	<u> </u> Yes	<u> X</u> No	
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> </u> Yes	<u> X</u> No	
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X</u> No	
Management letter or report on other matters related to internal controls issued?	<u> </u> Yes	<u> X</u> No	

Federal Awards

Internal control over major federal programs:			
- Material weakness(es) identified?	<u> </u> Yes	<u> X</u> No	
- Significant deficiency(ies) identified	<u> </u> Yes	<u> X</u> No	
Type of auditors' report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	<u> </u> Yes	<u> X</u> No	
Dollar threshold used to distinguish between type A and type B programs:	\$	750,000	Federal
Auditee qualified as low-risk auditee?	<u> </u> Yes	<u> X</u> No	
Identification of major program(s):			
<u>Name of Major Federal Program(s)</u>	<u>CFDA Number</u>		
CARES ACT: Coronavirus Relief Fund	21.019		

SECTION II - FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS

None Reported

PRIOR YEAR FINDINGS

None Reported

SECTION III - FEDERAL PROGRAM AUDIT FINDINGS

CURRENT YEAR FINDINGS

None Reported

PRIOR YEAR FINDINGS

None Reported