

# **United Way of Ventura County, Inc**

Audited Financial Statements

As of and for the Year Ended June 30, 2024

(With Comparative Summarized Financial Information as  
of and for the Year Ended June 30, 2023)



**United Way of  
Ventura County**

**United Way of Ventura County, Inc.**

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Financial Statements  
For the Year Ended June 30, 2024

# United Way of Ventura County, Inc.

## Contents

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<b>Independent Auditor's Report</b>	3 - 4
<b>Financial Statements</b>	
Statement of Financial Position	6
Statement of Activities	7
Statement of Functional Expenses	8
Statement of Cash Flows	9
<b>Notes to Financial Statements</b>	10-20

## Independent Auditor's Report

To the Board of Directors  
United Way of Ventura County, Inc.  
Ventura, California

### Opinion

We have audited the accompanying financial statements of United Way of Ventura County, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Ventura County, Inc. as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of Ventura 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 Ventura 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

## Independent Auditor's Report - continued

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 Ventura 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 Ventura 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.

### ***Other matter***

#### ***Report on Summarized Comparative Information***

We have previously audited United Way of Ventura County, Inc.'s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 13, 2024. In our opinion the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Lewis Sharpstone & Co.*

Woodland Hills, California  
March 10, 2025

## **Financial Statements**

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**United Way of Ventura County, Inc.**  
**Statement of Financial Position**  
**Year ended June 30, 2024**  
**(With Comparative Totals for the Year Ended June 30, 2023)**

	2024	2023
<b>Assets</b>		
Cash and cash equivalents	\$ 3,523,623	\$ 1,130,664
Grants receivable	268,909	135,183
Pledges receivable, net	190,595	223,078
Prepaid expenses and other assets	29,686	21,443
Beneficial interest in Ventura County Community Foundation	41,946	38,191
Right of use asset – finance lease	33,546	41,821
Right of use asset – operating lease	12,762	88,056
Property and Equipment, net	5,336	6,168
<b>Total Assets</b>	<b>\$ 4,106,403</b>	<b>\$ 1,684,604</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 103,957	\$ 114,690
Advances	-	5,000
Lease liabilities	46,579	131,269
Designations payable to other charities	94,596	62,051
<b>Total Liabilities</b>	<b>245,132</b>	<b>313,010</b>
<b>Commitments (Note 10)</b>		
<b>Net Assets</b>		
Without donor restrictions		
Undesignated	3,495,600	1,078,212
Board designated	41,946	38,191
Total without donor restrictions	3,537,546	1,116,403
With donor restrictions	323,725	255,191
<b>Total Net Assets</b>	<b>3,861,271</b>	<b>1,371,594</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 4,106,403</b>	<b>\$ 1,684,604</b>

*See accompanying notes to financial statements.*

# United Way of Ventura County, Inc.

## Statement of Activities Year ended June 30, 2024 (With Comparative Totals for the Year Ended June 30, 2023)

	2024			2023
	Without donor Restrictions	With Donor Restrictions	Total	Total
<b>Revenue and Support:</b>				
Campaign revenue				
Gross campaign revenue	\$ 772,506	\$ 301,866	\$ 1,074,372	\$ 1,060,153
Change in provision for uncollectible pledges	(11,250)	-	(11,250)	(3,109)
Less designations to other charities	(181,623)	-	(181,623)	(140,884)
Net campaign revenue	579,633	301,866	881,499	916,160
Other grants and contributions	3,305,391	-	3,305,391	505,170
In-kind contributions	21,519	-	21,519	22,702
Special events, net	2,797	45,766	48,563	92,803
Change in value of beneficial interest	3,755	-	3,755	2,325
Other income	131,508	-	131,508	63,739
Net assets released from restrictions	279,098	(279,098)	-	-
<b>Total Support and Revenue</b>	4,323,701	68,534	4,392,235	1,602,899
<b>Expenses:</b>				
Program services				
Grants awarded	632,321	-	632,321	437,935
Community services	816,947	-	816,947	752,618
Total program services	1,449,268	-	1,449,268	1,190,553
Management and general	255,037	-	255,037	248,467
Fundraising	198,253	-	198,253	200,519
<b>Total Expenses</b>	1,902,558	-	1,902,558	1,639,539
<b>Change in Net Assets</b>	2,421,143	68,534	2,489,677	(36,640)
<b>Net Assets, beginning of year</b>	1,116,403	255,191	1,371,594	1,408,234
<b>Net Assets, end of year</b>	\$ 3,537,546	\$ 323,725	\$ 3,861,271	\$ 1,371,594

*See accompanying notes to financial statements.*



# United Way of Ventura County, Inc.

## Statement of Functional Expenses

Year ended June 30, 2024

(With Comparative Totals for the Year Ended June 30, 2023)

	2024				2023
	Program Services	Management and General	Fundraising	Total	Total
<u>Grants awarded</u>	\$ 632,321	\$ -	\$ -	\$ 632,321	\$ 437,935
<u>Community services</u>					
Salaries and wages	531,955	156,315	116,477	804,747	751,940
Payroll taxes	41,939	15,330	11,982	69,251	66,704
Employee benefits	65,058	21,020	14,918	100,996	88,524
Dues and subscriptions	8,409	9,094	9,587	27,090	16,659
Education and training	531	882	827	2,240	467
Information systems	46,058	8,371	5,875	60,304	59,144
Insurance	1,076	3,792	3,744	8,612	7,572
Marketing and advertising	5,069	191	540	5,800	8,062
Meetings	214	664	655	1,533	1,562
Miscellaneous	640	1,435	1,426	3,501	666
National organization payments	4,858	3,239	8,097	16,194	23,304
Occupancy	68,258	12,407	8,707	89,372	89,980
Outside services	17,816	128	127	18,071	17,421
Postage	366	1,110	1,070	2,546	4,923
Printing	450	178	190	818	2,309
Professional fees	6,886	14,619	8,580	30,085	30,509
Supplies	2,509	2,968	2,919	8,396	6,999
Telephone	6,266	1,139	799	8,204	9,508
Travel and auto	5,655	1,622	1,359	8,636	10,965
Depreciation	2,934	533	374	3,841	4,386
Total community services	816,947				
Total expenses	\$ 1,449,268	\$ 255,037	\$ 198,253	\$ 1,902,558	\$ 1,639,539

*See accompanying notes to financial statements.*

# United Way of Ventura County, Inc.

## Statement of Cash Flows Year ended June 30, 2024 (With Comparative Totals for the Year Ended June 30, 2023)

	2024	2023
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 2,489,677	\$ (36,640)
Adjustments to reconcile change in net assets to net assets provided by operating activities		
Depreciation	3,841	4,386
Amortization of right of use assets	86,751	75,881
Change in provision for uncollectible pledges	-	3,109
Unrealized (gain)/loss in beneficial interest	(3,755)	(2,325)
Changes in operating assets and liabilities		
Grants receivable	(133,726)	225,414
Pledges receivable	32,483	(682)
Prepaid expenses and other assets	(8,243)	2,614
Accounts payable and accrued expenses	(10,733)	(15,988)
Advances	(5,000)	(17,730)
Designations payable	32,545	24,265
Operating lease liabilities	(87,872)	(74,489)
<b>Net cash provided by operating activities</b>	<b>2,395,968</b>	<b>187,815</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(3,009)	-
<b>Net cash provided (used) by operating activities</b>	<b>(3,009)</b>	<b>-</b>
<b>Change in cash</b>	<b>2,392,959</b>	<b>187,815</b>
<b>Cash - beginning of year</b>	<b>1,130,664</b>	<b>942,849</b>
<b>Cash - end of year</b>	<b>\$ 3,523,623</b>	<b>\$ 1,130,664</b>

*See accompanying notes to financial statements.*

# United Way of Ventura County, Inc.

## Notes to Financial Statements June 30, 2024 (Comparative Totals - June 30, 2023)

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### NOTE 1 - ORGANIZATION PROFILE

United Way of Ventura County, Inc. ("United Way" or "Organization") raises funds throughout the year for the purpose of providing community impact support for social service needs and programs with a primary focus on education, income, health, and homelessness.

### NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting**

The financial statements of the organization have been prepared on the accrual basis which recognizes income when earned and expenses when incurred, in accordance with accounting principles generally accepted in the United States of America ("GAAP").

#### **Financial Statement Presentation**

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

*Net Assets without Donor Restrictions:* - Net assets without donor restrictions are available for use at the discretion of the Board of Directors and management for general operating purposes. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. See Note 7 for more information on the composition of net assets without donor restrictions.

*Net Assets with Donor Restrictions:* - Net assets with donor restrictions consists of assets whose use is limited by donor imposed, time and/or purpose restrictions. The Organization reports cash or other assets received as revenues with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restriction. See Note 7 for more information on the composition of net assets with donor restrictions.

#### **Comparative Financial Information**

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Certain comparative information has been reclassified to conform with the current year financial statement presentation.

# United Way of Ventura County, Inc.

## Notes to Financial Statements June 30, 2024 (Comparative Totals - June 30, 2023)

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### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions affecting the reported amounts of assets, liabilities, revenues, and expenses as well as disclosure of contingent assets and liabilities. The areas of these financial statements that contain the most significant estimates are the provision for uncollectible pledges, the allocation of expenses to program, general and administrative and fundraising functions and the estimated lives of the assets for depreciation purposes. Actual results could differ from those estimates.

### **Fair Value Measurements**

Generally accepted accounting standards related to fair value measurements (a) define fair value 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, and (b) set out a fair value hierarchy. The fair value 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). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described as follows:

Level 1 - Observable inputs such as quoted prices in active markets for identical assets or liabilities.

Level 2 - Directly or indirectly observable input for quoted and other than quoted prices for identical or similar assets and liabilities in active or non-active markets.

Level 3 - Unobservable inputs not corroborated by market data, therefore requiring the entity to use the best information available in the circumstances, including the entity's own data.

Certain financial instruments are carried at cost, which approximates fair value because of the short-term nature of these instruments, and thus are not categorized. These instruments include cash and cash equivalents, receivables, accounts payable and accrued expenses.

### **Contributions and Pledges**

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions that increases that net asset class. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decrease of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise has become unconditional.

# United Way of Ventura County, Inc.

## Notes to Financial Statements June 30, 2024 (Comparative Totals - June 30, 2023)

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Individual donors may designate all or part of their United Way gift to other tax-exempt agencies. In accordance with FASB Accounting Codification (ASC) 958 and subsections, these designations have been reduced from public support for the purpose of financial statement presentation.

Special events are presented on the statement of activities for the year ended June 30, 2024 and 2023, net of the cost of direct benefits of \$27,823 and \$63,572 respectively.

### **Grants Receivable**

Grants receivable consist primarily of unpaid foundation and government amounts and are all due within one year from the balance sheet date. Management regularly reviews receivables and considers the grants receivable recorded at June 30, 2024 and 2023 to be fully collectible.

### **Pledges Receivable**

Pledges receivable consist primarily of unpaid individual and corporate contributions and are all due within one year from the balance sheet date. Management regularly reviews receivables and has established a reasonable allowance against uncollectible pledges receivable at June 30, 2024 and 2023 based on experience.

### **Donated Materials and Services**

Donations of materials are recorded as contributions at their estimated fair value at the date of the donation. Donated services that create or enhance non-financial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased if not provided by the donation are recorded at fair value in the period received.

For the year end of June 30, 2024 and 2023, the Organization recorded total in-kind contributions of goods in connection with the three of its programs in the amount of \$21,519 and \$22,702, respectively. To value such donations the Organization used an estimate of the bulk purchase price the Organization might have paid to acquire these items but for the donation.

Donated services from volunteers to provide services, in the Volunteer Income Tax Assistance (“VITA”) program and in certain other programs, are not recognized as contributions for financial statement purposes as the recognition criteria have not been satisfied. The Organization estimates that it received approximately 2,800 and 3,300 of such volunteer hours during the years end of June 30, 2024 and 2023, respectively.

### **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand, cash in demand deposit accounts at banks, cash in money market accounts and cash held by brokerages. Cash equivalents are considered all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase.

### **Beneficial interest in Ventura County Community Foundation**

The beneficial interest in Ventura County Community Foundation (“VCCF”) is stated at fair value. The Organization’s primary input to determine this is the fair value as reported to it by VCCF.

# United Way of Ventura County, Inc.

## Notes to Financial Statements June 30, 2024 (Comparative Totals - June 30, 2023)

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### Property and Equipment

The property and equipment are stated at cost if purchased or at fair value at the date of donation, if donated, if the amount exceeds the capitalization threshold of \$1,000. Capitalized assets are depreciated using the straight-line method over the estimated useful lives of the assets generally as follows:

Equipment	3 - 10 years
Furniture	5 - 10 years
Leasehold improvements	Over the shorter of the life of the improvement or the life of the lease, generally 5 years

### Long-Lived Assets

The Organization reviews for the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of any asset may not be recoverable. An impairment loss is recognized when the estimate on discounted future cash flows expected to result from the use of the asset and its eventual disposition is less than the carrying amount. If impairment is indicated the amount of the loss to be recorded is based on an estimate of the difference between the carrying amount and the fair value of the asset. Fair value is based upon discounted estimated cash flows expected to result from the use of the asset and its eventual disposition and other valuation methods.

There were no impairment charges during the years end of June 30, 2024 or 2023.

### Functional Expense Allocations

Expenses that can be identified with the program or supporting service are charged directly to the program or supporting service. Expenses which apply to more than one functional category have been allocated based on estimates made by management, based on time expensed by staff or other reasonable methods.

### Income taxes

The Organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and section 23701(d) of the California revenue and taxation code. Since the Organization is exempt from federal and state income tax, no provision has been made for current or deferred income tax expense. Under accounting standards codification (ASC) 740, "Income taxes", an organization must evaluate its tax positions and provide for a liability for any positions that would not be considered "more likely than not" to be upheld under a tax authority examination.

The Organization files its Form 990 in the US federal jurisdiction and its Form 199 with the State of California and a separate filing with the office of the attorney general for the state of California. There are currently no audits for any tax periods in progress. The Organization remains subject to income tax examination for 2020 and subsequent years (for federal) and 2019 and subsequent years (for state).

### Custodial Credit Risk

Custodial credit risk is the risk that the Organization will not be able to (a) recover deposits if the depository financial institution fails or b) recover receivables from third parties.

Financial instruments that potentially subject the Organization to credit risk are cash deposits with banks and other financial institutions that are in excess of the federally insured limit of \$250,000. From

# United Way of Ventura County, Inc.

## Notes to Financial Statements June 30, 2024 (Comparative Totals - June 30, 2023)

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time-to-time cash balances will exceed these limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Credit risk associated with receivables is considered to be limited due to high historic collection rates, because of the United Way brand and because of the strong long-term relationships the Organization has with donors. The Organization establishes receivable reserves to the extent unrecoverable receivables are expected. Most of the support and receivables are from individuals and entities located in Ventura County, California.

### Significant Concentrations

*Grants receivable:* At June 30, 2024, two grants accounted for approximately 96% of the total balance and at June 30, 2023, one grant accounted for approximately 85% of the total balance .

*Pledges Receivable:* At June 30, 2024 there was one donor that accounted for approximately 42%, of pledges receivable and at June 30, 2023 there was one donor that accounted for approximately 27% of pledges receivable.

*Contributions:* For the year ended June 30, 2024 one contribution represented 58% of total revenue and support. There was no similar concentration for the year ended June 30, 2023.

### NOTE 3: PLEDGES RECEIVABLE

As of June 30, 2024, and 2023, pledges receivable consisted of the following:

	2024	2023
Balance receivable, due within one year	\$ 231,595	\$ 284,078
Less provision for uncollectible pledges	<u>(41,000 )</u>	<u>(61,000 )</u>
Net pledges receivable	\$ <u>190,595</u>	\$ <u>223,078</u>

### NOTE 4: BENEFICIAL INTEREST IN VENTURA COUNTY COMMUNITY FOUNDATION

United Way is the sole beneficiary of a fund held at the Ventura County Community Foundation (“VCCF”). It is a board designated endowment fund, designed to be held and administered by VCCF in perpetuity. VCCF invests the funds in accordance with its investment policy, makes an annual distribution to United Way in accordance with its distribution policy and charges United Way administrative fees in accordance with its fees policy. United Way records this asset at the amount reported to it by VCCF and accordingly, has determined that this is a level 3 investment under the fair value hierarchy.

# United Way of Ventura County, Inc.

## Notes to Financial Statements June 30, 2024 (Comparative Totals - June 30, 2023)

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Changes in the fair value of the beneficial interest for the years ended June 30, 2024 and 2023 are as follows:

	2024	2023
Balance, beginning of year	\$ 38,191	\$ 35,866
Net realized and unrealized gain in fair value of the fund, net of fees	<u>3,755</u>	<u>2,325</u>
Balance, end of year	\$ <u>41,946</u>	\$ <u>38,191</u>

### NOTE 5: PROPERTY AND EQUIPMENT

As of June 30, 2024, and 2023, property and equipment consisted of the following:

	2024	2023
Equipment	\$ 19,537	\$ 16,527
Furniture	24,298	24,298
Leasehold improvements	<u>1,100</u>	<u>1,100</u>
	44,934	41,925
Less accumulated depreciation	<u>(39,599 )</u>	<u>(35,757 )</u>
Property and equipment, net	\$ <u>5,336</u>	\$ <u>6,168</u>

Depreciation expense for the years ended June 30, 2024 and 2023 was 3,841 and \$4,387, respectively.

### NOTE 6: LEASES

#### Operating lease

The Organization leases its administrative offices under a lease agreement which expires on August 2024 with escalating lease payments, \$6,540 per month as of June 30, 2024. In addition, the Organization leases additional office space on a month-to-month basis at \$602 per month. The lease contains a five-year extension. See subsequent events Note 12.

#### Finance leases

The Organization entered a lease agreement for a copier during the fiscal year ended June 30, 2024. The lease has been evaluated as a finance lease. It goes through February 2028 with lease payments of \$825 per month throughout the lease.

#### Disclosures

The Implicit Rate is the inherent rate of return the lessor is receiving from the lease. The Incremental borrowing rate (IBR) is the interest rate calculated based on factors specific to the organization and lease agreement such as credit rating, the underlying assets, the lease term and the economic environment. Both the implicit rate and IBR are not readily determinable when lease new standard is adopted.



# United Way of Ventura County, Inc.

## Notes to Financial Statements June 30, 2024 (Comparative Totals - June 30, 2023)

The organization elected to utilize the option to use the risk-free rate determined using a period comparable to the remaining lease term. Accordingly, the Organization estimated an applicable risk-free rate over the remaining contractual lease term as the discount rate.

The total right-of-use asset and lease liabilities at June 30, 2024 are as follows:

	Operating lease	Finance Lease	Total
Operating right-of use asset	\$ 12,762	\$ 33,546	
Operating lease liabilities	\$ 13,033	\$ 33,546	\$ 46,579

The total lease costs for the fiscal year ended June 30, 2024, are as follows:

Operating lease cost	\$ 76,850
Finance lease interest cost	1,625
Finance lease right of use amortization cost	\$ 8,276

The following summarizes the supplemental cash flow information for the fiscal year ended June 30, 2024:

	Operating lease	Finance leases	Total
Cash paid for amounts included in the measurement of lease liabilities	\$ 77,972	\$ 9,900	\$ 87,872

Future minimum lease payments under these leases are as follows:

Year ended June 30	Operating lease	Finance leases	Total
2025	\$ 13,079	\$ 9,900	\$ 22,979
2026	-	9,900	9,900
2027	-	9,900	9,900
2028	-	6,600	6,600
Total lease payments	13,079	36,300	49,379
Less - interest	(46)	(2,754)	(2,800)
Present value of lease liability	\$ 13,033	\$ 33,546	\$ 46,579

# United Way of Ventura County, Inc.

## Notes to Financial Statements June 30, 2024 (Comparative Totals - June 30, 2023)

The following is other required disclosure information at June 30, 2024

	Operating lease	Finance lease
Remaining lease term in months at June 30, 2024	<u>2</u>	<u>44</u>
Weighted average risk-free discount rate	<u>2.84%</u>	<u>4.27%</u>

### NOTE 7: NET ASSETS

#### Net Assets without Donor Restrictions

Net assets without donor restrictions consisted of the following at June 30, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
Undesignated	\$ 3,495,600	\$ 1,078,212
Board designated endowment fund	<u>41,946</u>	<u>38,191</u>
Total net assets without donor restrictions	\$ <u>3,537,546</u>	\$ <u>1,116,403</u>

#### Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following as of June 30, 2024 and 2023:

<u>Purpose of restriction</u>	<u>2024</u>	<u>2023</u>
Oral health	\$ -	\$ 6,998
Women United	-	3,369
Homelessness Program	157,004	42,880
Kinship Program	-	9,774
Ventura disaster fund	32,248	58,085
Volunteer Ventura County	-	1,877
Stuff the Bus	21,435	1,826
Spirit	43,653	-
Volunteer Income Tax Assistance	4,000	2,838
Thomas Fire and Flood Victims Fund	<u>65,385</u>	<u>127,544</u>
Total net assets with donor restrictions	\$ <u>323,725</u>	\$ <u>255,191</u>

# United Way of Ventura County, Inc.

## Notes to Financial Statements June 30, 2024 (Comparative Totals - June 30, 2023)

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### NOTE 8: ENDOWMENT FUND

The Organization's board designated endowment, the United Way of Ventura County Endowment Fund (the "Fund") is held and managed by the Ventura County Community Foundation ("VCCF") under an agreement dated December 14, 1993. The Organization is the sole beneficiary of the Fund. The Fund is invested in accordance with VCCF's investment policy, makes an annual distribution to United Way in accordance with its distribution policy and charges United Way administrative fees in accordance with its fees policy. Although this beneficial interest is not technically subject to the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), the Organization has elected to include a general description of the investment and distribution policies currently being followed by VCCF.

#### **Return objectives, risk parameters and strategies for achieving objectives**

The primary investment objective of the Fund is to achieve an annualized total return, net of fees and expenses, that is equal to or greater than the rate of inflation (as measured by the broad, domestic Consumer Price Index) plus any spending and investment expenses, such that purchasing power is maintained over time. The assets are to be managed in a manner that will meet the primary investment objective, while at the same time attempting to limit volatility in annual distributions. The primary objective of the portfolio may be expressed as:

Total Return greater than Consumer Price Index + Spending Policy + Investment Expenses

Given that this benchmark is not directly related to market performance, success or failure in achieving this goal is evaluated over 10 to 20 years. A secondary objective is to achieve a total return in excess of the benchmark established.

This Fund has a broad target allocation of 50% equity, 20% fixed income and 30% alternative investments.

#### **Spending Policy and How the Investment Objectives Relate to Spending Policy**

The purpose of the spending policy is to be able to calculate the amount of money annually distributed from the Fund to the Organization. The Fund balances the current and future interests of the Organization by not over distributing in the short-term or over accumulating in the long term and maintain the purchasing power of distributions over time by growing the corpus of the Fund to pace long term inflation.

VCCF's spending and investment policies work in tandem to achieve these objectives. The investment policy establishes an achievable return objective through a diversified investment strategy. Over long periods of time, the Fund's spending rate plus that of inflation should be in alignment with the average annual total return achieved through investment earnings. In other words, by distributing an amount that is equal to investment earnings less inflation, the Fund seeks to preserve purchasing power of future distributions by growing each endowed fund at the rate of inflation. Mathematically, this is represented by the following hypothetical formula:

5% spending + 2% inflation = 7% net investment return objective

# United Way of Ventura County, Inc.

## Notes to Financial Statements June 30, 2024 (Comparative Totals - June 30, 2023)

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A secondary objective is to achieve a reasonable degree of stability in payout for annual distributions to the Organization. Predictability of distributions allows the Organization to more accurately budget future income. Predictability also helps to insulate the Fund's investment managers from pressure to generate undo short term liquidity, which allows them to focus on achieving the best total return over the long term. VCCF utilizes a smoothing formula to help achieve stable and predictable year-over-year distributions.

The current spending rate is 5%. This spending rate is applied to the trailing 16-quarter average market value for each endowment fund for the period ending June 30 of the prior fiscal year.

A support fee based on the market value for the Fund is assessed semi- annually in December (based on September 30 value) and June (based on March 31 value).

A record is maintained of the historic gift value of the Fund. Historic gift value means a) the fair value in dollars of an endowment fund at the time it first became an endowment fund, b) plus the fair value in dollars of each subsequent donation to the fund at the time it is made.

### Underwater Funds

Should the fair value of the assets associated with the Fund fall below the level that current law requires, the Fund will experience a reduction in payout to United Way based on the schedule below. The reduced payout is intended to allow for recovery of the historic gift value over a reasonable period of time, while not completely eliminating payout in support of charitable programs.

<u>Underwater Amounts</u>	<u>Adjusted Spending Rates</u>
Less than 15%	5.00%
5% to less than 10%	3.75%
10% to less than 15%	3.35%
15% or more	2.50%

### NOTE 9: LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization monitors its financial assets available within one year of the balance sheet date for expenditures on a quarterly basis. As of June 30, 2024, the balance available is as follows:

Cash and cash equivalents	\$ 3,523,623
Grants receivable	268,909
Pledges receivable	<u>190,595</u>
Total financial assets available	3,983,127
Less those unavailable for expenditure within one year due to: Restricted by donor with time or purpose restrictions	<u>(323,725 )</u>
Financial assets available to meet cash needs for expenditures within one year	\$ <u>3,659,402</u>

# United Way of Ventura County, Inc.

## Notes to Financial Statements June 30, 2024 (Comparative Totals - June 30, 2023)

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As part of the Organization's liquidity management the Organization prepares semi-annual cash requirement projections which are used to ensure that needed balances are liquid and available for payment of grants and general expenses in the near term. In addition, the Organization employs an extensive annual budgeting process and strategic planning process to ensure the Organization will continue to be poised to have funds available to pay grants and general expenses in the long term.

### **NOTE 10: RETIREMENT PLAN**

The United Way sponsors a non-contributory defined contribution retirement plan which covers all employees who are at least 21 years of age and have completed one year of service. Total retirement plan contribution expense related to the Plan totaled \$31,709 and \$22,309 for the year ended June 30, 2024 and 2023 respectively.

### **NOTE 11: RELATED PARTY TRANSACTIONS**

Under the Organization's conflicts of interest policy, should the Organization wish to transact business with a related party, the party recuses themselves and the rest of the Board vote as to whether the business should be transacted. The following are business relationships transacted with related parties.

- A board member is a senior vice president, district president, at a bank with which the Organization maintains a bank account.
- A board member is the executive director and market manager at a bank with which the Organization maintains an account.
- A board member is a commercial bank leader at a bank with which the Organization maintains an account.
- A board member is a commercial bank officer at a bank with which the Organization maintains an account.

### **NOTE 12: SUBSEQUENT EVENTS**

In September 2024 the Organization renewed its lease for its main office for another five years. The lease liability related to this lease is approximately \$365,000.

Also in September 2024 the Board approved the creation of two Board designated funds, the Board designated endowment fund in the amount of \$1.5 million and the Capacity Building fund in the amount of \$1 million. The Organization is in the process of adopting policies for each fund.

The Organization's management has evaluated subsequent events through March 10, 2025, the date which the financial statements were available to be issued. There were no other subsequent events noted that would require adjustments to or disclosures in these financial statements.