

**UNITED WAY OF BREVARD
COUNTY, INC.**

**Audited Financial Statements and
Supplementary Information**

June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
United Way of Brevard County, Inc.
Rockledge, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of United Way of Brevard County, Inc. (a nonprofit organization) (UWBC), which comprise the statement of financial position as of June 30, 2023, 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 present fairly, in all material respects, the financial position of UWBC as of June 30, 2023, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 UWBC, 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 opinions.

Prior Period Financial Statements

The financial statements of UWBC as of June 30, 2022 were audited by other auditors whose report dated March 29, 2023 expressed an unmodified opinion on those statements.

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 UWBC'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 and *Government Auditing Standards* will always detect a material misstatement when it exists.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government 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 UWBC'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 UWBC'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.

Supplementary Information

Our audit was 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 schedule of expenditures of federal awards 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 January 24, 2024, on our consideration of UWBC'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 solely 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 the effectiveness of UWBC's 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 UWBC's internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
January 24, 2024

UNITED WAY OF BREVARD COUNTY, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2023

ASSETS	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 517,032	\$ 639,264	\$ 1,156,296
Investments	3,072,555	-	3,072,555
Grant and contract receivables	315,898	-	315,898
Unconditional promises to give, net	1,724,446	-	1,724,446
Inventory - gifts-in-kind	16,325	-	16,325
Prepaid expenses	36,543	-	36,543
TOTAL CURRENT ASSETS	5,682,799	639,264	6,322,063
Operating lease ROU asset	504,691	-	504,691
Property and equipment, net	4,482	-	4,482
Other assets	1,681,941	-	1,681,941
TOTAL ASSETS	<u>\$ 7,873,913</u>	<u>\$ 639,264</u>	<u>\$ 8,513,177</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Trade accounts payable	\$ 91,564	\$ -	\$ 91,564
Accrued compensated absences	27,259	-	27,259
Other current liabilities	9,680	-	9,680
Board-approved agency allocations payable	2,610,672	-	2,610,672
Pass-through designations	147,256	-	147,256
Donor designations payable	323,629	-	323,629
Operating lease liability	103,893	-	103,893
TOTAL CURRENT LIABILITIES	3,313,953	-	3,313,953
Non-current operating lease liability	404,185	-	404,185
TOTAL LIABILITIES	<u>3,718,138</u>	<u>-</u>	<u>3,718,138</u>
COMMITMENTS AND CONTINGENCIES			
NET ASSETS			
Without donor restrictions			
Undesignated	2,152,656	-	2,152,656
Board-designated for specific purposes	2,003,119	-	2,003,119
Total without donor restrictions	4,155,775	-	4,155,775
With donor restrictions	-	639,264	639,264
TOTAL NET ASSETS	<u>4,155,775</u>	<u>639,264</u>	<u>4,795,039</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,873,913</u>	<u>\$ 639,264</u>	<u>\$ 8,513,177</u>

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

UNITED WAY OF BREVARD COUNTY, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2022

ASSETS	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 721,992	\$ 489,610	\$ 1,211,602
Investments	3,004,177	-	3,004,177
Grant and contract receivables	301,744	-	301,744
Unconditional promises to give, net	1,815,267	-	1,815,267
Inventory - gifts-in-kind	12,545	-	12,545
Prepaid expenses	29,805	-	29,805
TOTAL CURRENT ASSETS	<u>5,885,530</u>	<u>489,610</u>	<u>6,375,140</u>
Property and equipment, net	15,005	-	15,005
Other assets	1,369,590	-	1,369,590
TOTAL ASSETS	<u>\$ 7,270,125</u>	<u>\$ 489,610</u>	<u>\$ 7,759,735</u>
 LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Trade accounts payable	\$ 86,765	\$ -	\$ 86,765
Accrued compensated absences	63,110	-	63,110
Other current liabilities	16,207	-	16,207
Board-approved agency allocations payable	2,856,000	-	2,856,000
Pass-through designations	89,319	-	89,319
Donor designations payable	374,106	-	374,106
TOTAL CURRENT LIABILITIES	<u>3,485,507</u>	<u>-</u>	<u>3,485,507</u>
 COMMITMENTS AND CONTINGENCIES			
NET ASSETS			
Without donor restrictions			
Undesignated	1,624,262	-	1,624,262
Designated	2,160,356	-	2,160,356
Total without donor restrictions	<u>3,784,618</u>	<u>-</u>	<u>3,784,618</u>
With donor restrictions	<u>-</u>	<u>489,610</u>	<u>489,610</u>
TOTAL NET ASSETS	<u>3,784,618</u>	<u>489,610</u>	<u>4,274,228</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,270,125</u>	<u>\$ 489,610</u>	<u>\$ 7,759,735</u>

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

UNITED WAY OF BREVARD COUNTY, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES			
Campaign revenue			
Gross United Way campaign results	\$ 5,164,641	\$ 473,190	\$ 5,637,831
Gross other campaign results	146,392	-	146,392
Less donor-designated	(688,840)	(86,440)	(775,280)
Less change in provision for uncollectible pledges	<u>(326,018)</u>	<u>-</u>	<u>(326,018)</u>
Net campaign revenue	<u>4,296,175</u>	<u>386,750</u>	<u>4,682,925</u>
Other revenue			
Contributions - gifts-in-kind	562,802	-	562,802
Contributions - disaster relief	-	33,886	33,886
Endowment investment income, net	82,330	-	82,330
Endowment contributions	3,744	-	3,744
Grants and contracts	2,080,205	26,000	2,106,205
Investment income, net	251,979	-	251,979
Interest income	5,183	-	5,183
Administration service fee revenue	13,080	-	13,080
Special events, net of expenses	6,567	-	6,567
Other	<u>3,047</u>	<u>-</u>	<u>3,047</u>
Total other revenue	<u>3,008,937</u>	<u>59,886</u>	<u>3,068,823</u>
Net assets released from restrictions	<u>296,982</u>	<u>(296,982)</u>	<u>-</u>
Total support and revenues	<u>7,602,094</u>	<u>149,654</u>	<u>7,751,748</u>
EXPENSES			
Program	6,363,029	-	6,363,029
Management and general	336,262	-	336,262
Fundraising	<u>531,646</u>	<u>-</u>	<u>531,646</u>
Total expenses	<u>7,230,937</u>	<u>-</u>	<u>7,230,937</u>
INCREASE IN NET ASSETS	371,157	149,654	520,811
NET ASSETS, BEGINNING OF YEAR	<u>3,784,618</u>	<u>489,610</u>	<u>4,274,228</u>
NET ASSETS, END OF YEAR	<u>\$ 4,155,775</u>	<u>\$ 639,264</u>	<u>\$ 4,795,039</u>

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

UNITED WAY OF BREVARD COUNTY, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES			
Campaign revenue			
Gross United Way campaign results	\$ 5,229,022	\$ 223,017	\$ 5,452,039
Gross other campaign results	103,281	-	103,281
Less donor-designated	(554,645)	(96,332)	(650,977)
Less change in provision for uncollectible pledges	<u>(329,520)</u>	<u>(13,381)</u>	<u>(342,901)</u>
Net campaign revenue	4,448,138	113,304	4,561,442
Other revenue			
Contributions - gifts-in-kind	851,712	-	851,712
Endowment investment loss, net	(111,549)	-	(111,549)
Endowment contributions	216,242	-	216,242
Grants and contracts	1,966,427	-	1,966,427
Investment loss, net	(411,439)	-	(411,439)
Interest income	634	-	634
Administration service fee revenue	28,251	-	28,251
Special events, net of expenses	(4,419)	-	(4,419)
Other	<u>29,271</u>	<u>-</u>	<u>29,271</u>
Total other revenue	2,565,130	-	2,565,130
Net assets released from restrictions	<u>150,181</u>	<u>(150,181)</u>	<u>-</u>
 Total support and revenues	 <u>7,163,449</u>	 <u>(36,877)</u>	 <u>7,126,572</u>
EXPENSES			
Program	6,974,138	-	6,974,138
Management and general	242,348	-	242,348
Fundraising	<u>620,735</u>	<u>-</u>	<u>620,735</u>
 Total expenses	 <u>7,837,221</u>	 <u>-</u>	 <u>7,837,221</u>
 DECREASE IN NET ASSETS	 (673,772)	 (36,877)	 (710,649)
 NET ASSETS, BEGINNING OF YEAR	 <u>4,458,390</u>	 <u>526,487</u>	 <u>4,984,877</u>
 NET ASSETS, END OF YEAR	 <u>\$ 3,784,618</u>	 <u>\$ 489,610</u>	 <u>\$ 4,274,228</u>

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

UNITED WAY OF BREVARD COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

	Community Impact and Program Services	Management and General	Fundraising	Total
DIRECT PROGRAM EXPENSE				
Allocations to agencies	\$ 2,556,672	\$ -	\$ -	\$ 2,556,672
Strategic allocations and internal designations	381,115	-	-	381,115
Grant expenditure	782,475	-	146	782,621
	<u>3,720,262</u>	<u>-</u>	<u>146</u>	<u>3,720,408</u>
SALARIES, WAGES, AND EMPLOYEE BENEFITS				
Salaries and wages	1,176,867	215,473	265,519	1,657,859
Payroll taxes	90,694	14,714	20,008	125,416
Employee benefits	255,293	22,632	54,191	332,116
	<u>1,522,854</u>	<u>252,819</u>	<u>339,718</u>	<u>2,115,391</u>
OTHER EXPENSES				
Campaign supplies	33,777	-	5,189	38,966
Computer software	104,895	7,311	19,413	131,619
Contractual services	82,056	46,720	20,688	149,464
Contributor/volunteer recognition	1,029	-	2,067	3,096
Equipment, leases, and maintenance	7,025	2,561	3,389	12,975
Insurance	15,643	1,249	2,500	19,392
Milage and local travel	28,181	600	3,061	31,842
Miscellaneous	130	1,982	5,816	7,928
Office supplies	8,737	1,215	3,318	13,270
Occupancy	109,884	9,845	27,779	147,508
Payments to affiliated organizations	101,771	6,573	20,922	129,266
Postage	2,082	1,559	3,045	6,686
Promotional printing and advertising	7,244	526	54,343	62,113
Staff and volunteer development	8,701	934	13,808	23,443
Subscriptions, fees, and dues	10,589	1,078	2,725	14,392
Telephone	28,401	753	2,014	31,168
	<u>550,145</u>	<u>82,906</u>	<u>190,077</u>	<u>823,128</u>
NONCASH EXPENSES				
Non-financial expenses	561,487	-	-	561,487
Depreciation	8,281	537	1,705	10,523
	<u>569,768</u>	<u>537</u>	<u>1,705</u>	<u>572,010</u>
	<u>\$ 6,363,029</u>	<u>\$ 336,262</u>	<u>\$ 531,646</u>	<u>\$ 7,230,937</u>

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

UNITED WAY OF BREVARD COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

	Community Impact and Program Services	Management and General	Fundraising	Total
DIRECT PROGRAM EXPENSE				
Allocations to agencies	\$ 2,856,000	\$ -	\$ -	\$ 2,856,000
Strategic allocations and internal designations	466,962	-	-	466,962
Grant expenditure	628,722	-	-	628,722
	<u>3,951,684</u>	<u>-</u>	<u>-</u>	<u>3,951,684</u>
 SALARIES, WAGES, AND EMPLOYEE BENEFITS				
Salaries and wages	1,352,270	139,224	347,228	1,838,722
Payroll taxes	100,865	9,902	25,586	136,353
Employee benefits	289,291	24,228	60,969	374,488
	<u>1,742,426</u>	<u>173,354</u>	<u>433,783</u>	<u>2,349,563</u>
 OTHER EXPENSES				
Campaign supplies	792	51	11,879	12,722
Computer software	59,895	3,738	9,231	72,864
Contractual services	22,311	31,941	6,928	61,180
Contributor/volunteer recognition	1,685	-	4,336	6,021
Equipment, leases, and maintenance	13,408	1,152	3,695	18,255
Insurance	11,545	579	1,813	13,937
Milage and local travel	25,194	1,312	3,675	30,181
Miscellaneous	-	5,487	9,852	15,339
Office supplies	11,978	1,246	2,578	15,802
Occupancy	106,712	10,240	28,850	145,802
Payments to affiliated organizations	105,485	7,054	22,102	134,641
Postage	2,121	2,085	5,616	9,822
Promotional printing and advertising	3,466	151	57,024	60,641
Staff and volunteer development	25,870	1,635	11,167	38,672
Subscriptions, fees, and dues	9,304	745	3,268	13,317
Telephone	29,955	964	2,991	33,910
	<u>429,721</u>	<u>68,380</u>	<u>185,005</u>	<u>683,106</u>
 NONCASH EXPENSES				
Non-financial expenses	840,855	-	-	840,855
Depreciation	9,452	614	1,947	12,013
	<u>850,307</u>	<u>614</u>	<u>1,947</u>	<u>852,868</u>
	<u>\$ 6,974,138</u>	<u>\$ 242,348</u>	<u>\$ 620,735</u>	<u>\$ 7,837,221</u>

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

UNITED WAY OF BREVARD COUNTY, INC.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 520,811	\$ (710,649)
Adjustments to reconcile the changes in net assets to net cash provided by (used in) operating activities		
Depreciation	10,523	12,013
Endowment and other investment (income) loss, net	(321,864)	522,988
Non-cash rent	3,387	-
(Increase) decrease in operating assets		
Grants and contract receivables	(14,154)	(100,381)
Unconditional promises to give	90,821	290,238
Inventory - noncash contributions	(3,780)	(12,545)
Prepaid expenses	(6,738)	5,691
Increase (decrease) in operating liabilities		
Accounts payable, trade	4,799	(23,757)
Accrued compensated absences	(35,851)	12,151
Other current liabilities	(6,527)	(47,966)
Board-approved agency allocations payable	(245,328)	138,414
Pass-through designations	57,937	(2,716)
Donor designations payable	<u>(50,477)</u>	<u>(87,592)</u>
Cash provided by (used in) operating activities	<u>3,559</u>	<u>(4,111)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	-	(5,592)
Purchase of investments	<u>(58,865)</u>	<u>(92,045)</u>
Cash used in investing activities	<u>(58,865)</u>	<u>(97,637)</u>
DECREASE IN CASH	(55,306)	(101,748)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,211,602</u>	<u>1,313,350</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,156,296</u>	<u>\$ 1,211,602</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES		
ROU asset - implementation	\$ 610,914	\$ -
Lease liability - implementation	(610,914)	-
In-kind contribution of goods and services	<u>562,802</u>	<u>851,712</u>

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

United Way of Brevard County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and nature of activities

United Way of Brevard County, Inc. (UWBC or the Organization) is a health and human services not-for-profit organization with headquarters located in Rockledge, Florida. UWBC began operations in 1957 and was established to provide assistance to the Brevard County community through resource development, community planning, and direct community services. We are governed by a volunteer Board of Directors representing many interests within the County and had 35 employees as of June 30, 2023.

Our mission is to be Brevard's leader in mobilizing the caring power of our community.

To accomplish our mission, UWBC coordinates an annual fundraising campaign and strategically distributes funds to local programs based on the potential return on investment and quantifiable results. In addition to the annual fundraising campaign, your United Way, guided by a Board of Directors, sets community priorities that will improve lives and strengthen our community. To do that, we must help build the skillsets necessary to move from merely surviving to thriving. That is why we are focusing on three fundamental building blocks that allow you to move beyond poverty to a better quality of life – Education, Financial Stability, and Health. Together, those building blocks create a sturdy foundation not just for one family, but our entire community.

- **Health** - Being healthy is vital, making it possible for youth to be successful in school, individuals to be productive at work, and for all to live a good life. Our United Way was able to make our community healthier by focusing our efforts on Health Care Access/Literacy, Child Abuse Prevention (Healthy Families) and United Way's Feed and Read Program. Through a grant from the University of South Florida, United Way navigators assisted consumers, small businesses, and their employees as they looked for health coverage with the online Health Insurance Marketplace. Through funding from the Ounce of Prevention Fund, Healthy Families Brevard helps local families prevent child abuse and neglect and promotes healthy child development. Finally, our Feed and Read Program is a cross promotional strategy addressing summer hunger and reading loss by providing children with books each week, take-home meals, and trained reading mentors.

Additionally, in August 2020 the Ounce of Prevention Fund provided additional funding through the Child Abuse Prevention Treatment Act (CAPTA) to expand the Healthy Families services specifically to newborns that have been born exposed to substances.

- **Education** - Quality education is the cornerstone of our work in changing lives and strengthening our community. Research shows that a strong educational foundation leads to better employment opportunities and a more competitive workforce. Higher educational attainment is a direct corollary to higher income, better health and a host of other factors that make individuals and communities more productive. United Way's educational strategies include greater access to books, expanding reading mentoring and reducing summer learning loss.
- **Financial Stability** - Without the ability to pay their mortgage or rent, families may find it impossible to achieve a sense of security, let alone take the steps necessary to create a better life for themselves. That's why our work in income is focused on helping people become financially stable through the following programs: Volunteer Income Tax Assistance (VITA) sites and financial education classes. Local VITA site volunteers prepare tax returns for low-to-moderate income workers, saving preparation costs, and assisting with eligible tax credit claims. The financial education (FDIC 'Money Smart' course) teaches how to budget, save money, and use credit wisely.

United Way of Brevard County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Organization and nature of activities (continued)

- **Housing Opportunities for Persons with AIDS (HOPWA) Program** - UWBC serves as the fiscal agent for the HOPWA program which provides mortgage, rent, and utilities assistance to persons that qualify under a grant from the Florida Department of Health.
- **Gifts in Kind Program** - UWBC provides health and human service organizations access to quality donated goods to improve the Organization's ability to provide services that make our community safer and stronger.
- **Disaster Preparedness and Response** - In the event of a disaster in Brevard County, UWBC is responsible for staging and managing Brevard County's Four Points of Distribution, staffing and assisting in the management of Emergency Support Function 15 (Donations and Volunteer Management), staffing the Disaster Response Centers established by FEMA (Federal Emergency Management Agency), and management of Volunteers Reception Center. The United Way Volunteer Corp has been created to recruit and train volunteers to assist with these responsibilities, as well as to help support staffing at the 2-1-1 call center.

UWBC is a member of United Way Worldwide (Worldwide). As such, UWBC is committed to comply with the requirements contained in Worldwide's *Financial Statement Standards* and *Cost Deduction Standards*.

Financial statement presentation

Financial statement presentation follows the recommendations of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Not-for-profit Entities, as amended by Accounting Standard Update (ASU) No. 2016-14.

FASB ASC 958 requires a not-for-profit entity to present on the face of the statement of financial position amounts for two classes of net assets: net assets without donor restrictions and net assets with donor restrictions; and on the face of the statement of activities the amount of change in each of the two classes. In addition, the Organization is required to present:

- The amounts of expenses by both their natural classification and their functional classification, including disclosures concerning the methods used for cost allocation between functional classifications.
- Qualitative and quantitative disclosure information on liquidity and availability of financial assets to meet the Organization's cash needs for general expenditure within one year.
- The composition of donor-restricted net assets at period-end.
- Self-imposed limits on use of resources without donor restrictions at the end of the period, including designations and reserves.
- Investment returns net of external and direct internal investment expenses and no longer require the disclosure of those netted expenses.

United Way of Brevard County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For purposes of the statement of cash flows, UWBC considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

Investments are reported in the statement of financial position at fair value based on quoted market prices. Investment income consists of interest income, dividend income, and realized and unrealized investment gains and losses, net of investment expenses. Any change in fair value is included as a component of current earnings. Dividends on marketable equity securities are recognized as income when declared. Gains and losses upon disposal are determined on the first-in, first-out basis.

Grants and contract receivables

It is the policy of UWBC management to review the outstanding receivables at year-end to determine the collectability of the accounts. Based on current account composition and historical experience, management considers all receivables to be fully collectible, and as such, no allowance for uncollectible receivables has been reported on the accompanying statements of financial position as of June 30, 2023 and 2022.

Unconditional promises to give

Campaigns are conducted on a calendar year basis. The majority of unconditional promises to give are made during the fall pledge drive and are due by the end of the following campaign year, which typically runs from March through the following February. Thus, campaign contributions are treated as with donor restrictions in the year of the campaign and are transferred to without donor restrictions the following year when the time restriction has expired, and the campaign proceeds are used to fund UWBC's programs and supporting services.

An allowance for uncollectible pledges is calculated for each campaign. The allowance for uncollectible pledges is based on gross pledges. This allowance takes into consideration historical collection experience and current economic factors. An allowance for uncollectible pledges totaling 6% for the 2020 and 2021 campaign years, and 6.25% for the 2022 campaign year was recorded. In January 2023, the board approved an increase to 7% for the allowance to uncollectible pledges.

Inventory – gifts-in-kind

Inventory consists of donated merchandise to be distributed to nonprofit organizations in Brevard County, Florida and is reflected at its estimated fair value.

Property and equipment

Buildings, improvements, and furniture and equipment are recorded at cost if purchased or at estimated fair value at date of donation if donated. UWBC capitalizes all items with a cost of \$2,500 or more and an estimated useful life of at least three years. Depreciation is computed on the straight-line basis over the expected useful lives of the assets, with buildings and improvements depreciated over thirty-nine years and furniture and equipment over three to twelve years. Other expenditures for repairs and maintenance are expensed as incurred. The carrying amount and accumulated depreciation of assets that are sold or retired are removed from the accounts in the year of disposal and any resulting gain or loss is included in the statement of activities.

United Way of Brevard County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Allocations payable to agencies

UWBC annually allocates funds to its partner agencies. 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 community volunteers during the annual fund distribution process. Once the board approves the allocations, agreements are executed with the agencies prior to June 30th of each year. Allocations are recognized as an expense and a liability when communicated to the agencies.

Donor designations

Donor designations are cash or pledges that the donor specifically directs to a particular 501(c)(3) health and human service organization. Under accounting principles generally accepted in the United States of America, donor designations do not constitute campaign revenue or program expense and are reported on the statement of financial position as a current liability. These funds are held by UWBC as an agent and are distributed to the intended organizations when collected, net of a service fee for the applicable campaign year, with a maximum of \$75 per donor.

Net assets

Not-for-profit organizations are required by generally accepted accounting principles in the United States of America to classify net assets into two categories based on the existence or absence of donor-imposed restrictions:

Without Donor Restrictions – those that are not subject to any donor-imposed restrictions.

With Donor Restrictions – those subject to donor-imposed restrictions either for purpose or time.

All contributions to UWBC are considered available for use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in without donor restrictions net assets if the restrictions expire during the fiscal year in which the contributions are received. Investment income that is limited to specific uses by donor restrictions is reported as an increase in without donor restrictions net assets if the restrictions are met within the same reporting period as the income is recognized. All other donor-restricted contributions are reported as with donor restrictions net assets which are reclassified to without donor restrictions net assets in future periods when the donor stipulations have been met.

Board-designated net assets are voluntary, board-approved segregations of the UWBC net assets without donor restrictions for specific purposes.

Support and revenue recognition

Pledges and other donations are recognized as revenue when received or when the donor makes an unconditional promise to give to UWBC, whichever is earlier. Noncash donations are recorded at their estimated fair value on the date of receipt. Conditional promises to give, including cost reimbursable grants, are recognized when the conditions on which they depend are substantially met.

Contributions are recognized as revenue, increasing net assets without donor restrictions unless the donor restricts their use to a particular period or purpose. In the absence of donor stipulations to the contrary, UWBC reports pledges restricted for use as time restricted to that period. Time restrictions expire when the pledges are due. Purpose restrictions expire when the contributed resources are spent for their stipulated purpose.

United Way of Brevard County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Support and revenue recognition (continued)

UWBC does not receive membership dues or service charges from charitable organizations participating as members in the federation.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The amendments in ASU 2018-08 provide guidance on determining whether a transaction should be accounted for as a contribution or as an exchange transaction, determining whether a contribution is conditional, and modifies the simultaneous release option currently in U.S. GAAP, which allows a not-for-profit organization to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized. This election may now be made for all restricted contributions that were initially classified as conditional without having to elect it for all other restricted contributions and investment returns.

Fundraising expenses

Fundraising expenses are recognized when incurred, regardless of the campaign year to which they relate.

Functional expenses

Expenses are charged to each function or grant based on direct expenditures incurred. There are specific allocation tables prepared based on the location and function of the staff. Staff time studies and usage reports are used to determine the allocation of functional expenses. All costs are directly expensed if the identification of the specific expense is possible. If an expense is not able to be charged directly to a specific program but benefits all programs and is necessary for the operation of the organization, it is allocated based on the following factors:

- 1) Percent of total time for all staff on specific programs.
- 2) Determining if the expense is allowable and allocable.
- 3) The staff's office location.
- 4) The office location where the expense was incurred.

Management develops the plan in a reasonable and consistent method for the allocation of all eligible expenses.

Compensated absences

Employees of the Organization are entitled to paid vacation and personal days off depending on their job classification, length of service, and other factors. The Organization's policy is to recognize the costs of the compensated absences when earned and has accrued a liability for compensated absences of \$27,259 (2023) and \$63,110 (2022) as reported on the statements of financial position.

Promotional printing and advertising costs

UWBC expenses its promotional printing and advertising costs as incurred. Promotional printing and advertising expenses totaled \$62,113 (2023) and \$60,641 (2022).

United Way of Brevard County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

UWBC is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the financial statements.

FASB ASC 740, Accounting for Income Taxes, prescribes a recognition threshold and measurement attribute of the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

Management evaluates the Organization's tax positions on an annual basis, both past and current. If management determines that a past or current tax position is uncertain then a tax liability is calculated to represent the increase in taxes anticipated upon examination. As of June 30, 2023, management has determined that all past and current tax positions were likely to be realizable and sustainable upon examination and that the calculation of a tax liability was not necessary.

Tax years ended June 30, 2021 through 2023 remain subject to possible examination by the Internal Revenue Service.

Donated services and materials

A substantial number of volunteers donate significant amounts of their time to support UWBC's fundraising campaign and community initiatives. However, since the donated time does not meet the criteria for recognition under the applicable accounting standards, the costs of the donated time are not included in the financial statements.

Donated materials are reflected as support in the accompanying statements of activities at their estimated fair value at the date of receipt. It is UWBC's policy to utilize donated materials in various programs. A corresponding in-kind contributions expense for distributed donations is recorded at the time of distribution. Donated materials that were not yet distributed to agencies are reflected as inventory - gifts-in-kind on the statements of financial position.

Recently adopted accounting standards

In February 2016, the FASB issued ASU 2016-02, *Leases*, that requires lessees to put most leases on its statement of financial position and recognize expenses on its statement of activities in a manner similar to today's capital lease accounting. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The Organization adopted the lease standard effective July 1, 2022 as disclosed in Note 17.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from these estimates.

United Way of Brevard County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 2 – CONCENTRATION

Credit risk

The Organization maintains its cash and cash equivalents, and certificate of deposit balances in financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Association (NCUA) for up to \$250,000 per depositor. At June 30, 2023, the Organization’s uninsured cash and cash equivalents balances totaled approximately \$424,809.

The Organization also maintains cash equivalents and investments with a brokerage firm that is a member of the Securities Investor Protection Corporation (SIPC). Cash and investments held at a member brokerage firm are insured by the SIPC up to \$500,000 per customer, inclusive of \$250,000 for cash balances. These investments are also covered by additional insurance that is provided by the brokerage firm through Lloyd's Central Fund for balances up to an additional \$1,900,000. At June 30, 2023, UWBC's uninsured cash equivalents and investments balances approximated \$2,561,238.

Economic dependency

During the years ended June 30, 2023 and 2022, UWBC received 76% and 83%, respectively, of its unrestricted support and revenues from the annual community campaign and certain federal and local grants as follows:

Source	2023		
	Support and Revenues	Promises to give, net	Receivable
Annual Community Campaign, net	\$ 4,682,925	\$ 1,724,446	\$ -
Healthy Families Grant	787,252	-	189,411
HOPWA Grant	619,546	-	94,306
Source	2022		
	Support and Revenues	Promises to give, net	Receivable
Annual Community Campaign, net	\$ 4,561,442	\$ 1,815,267	\$ -
Healthy Families Grant	964,625	-	178,426
HOPWA Grant	486,774	-	64,391

UWBC is dependent upon undesignated contributions from corporate and individual donors to support its program services. The level of such contributions can be affected by economic conditions in the Brevard County area. In addition, the choice on the part of donors to designate their gifts to specific agencies can result in reduced funding available for allocations and grants. A decrease in undesignated contributions could adversely impact UWBC’s ability to provide community services and allocate funds to local not- for-profit organizations.

In addition, UWBC is dependent upon continued grant awards and funding. If funding were reduced or terminated, there would be a significant negative impact in services that can be provided to the community.

United Way of Brevard County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 3 – FAIR VALUE MEASUREMENTS

FASB ASC 820, Fair Value Measurements and Disclosures established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- | | |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access. |
| Level 2 | Inputs to the valuation methodology include: <ul style="list-style-type: none">▪ Quoted prices for similar assets or liabilities in active markets;▪ Quoted prices for identical or similar assets or liabilities in inactive markets;▪ Inputs other than quoted prices that are observable for the asset or liability;▪ Inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to fair value. |

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

Mutual funds and Exchange-Traded Products (ETPs): Valued at the net asset value of shares held at year-end.

Donated life insurance policy: Valued at the reported cash surrender value as determined by the insurer using a proprietary model.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

United Way of Brevard County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 3 – FAIR VALUE MEASUREMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value as of June 30, 2023 and 2022:

Assets at Fair Value as of June 30, 2023				
	Level 1	Level 2	Level 3	Total
Mutual Funds and ETPs	\$ 4,745,023	\$ -	\$ -	\$ 4,745,023
Donated Life Insurance Policy	-	-	9,473	9,473
	<u>\$ 4,745,023</u>	<u>\$ -</u>	<u>\$ 9,473</u>	<u>\$ 4,754,496</u>

Assets at Fair Value as of June 30, 2022				
	Level 1	Level 2	Level 3	Total
Mutual Funds and ETPs	\$ 4,363,852	\$ -	\$ -	\$ 4,363,852
Donated Life Insurance Policy	-	-	9,915	9,915
	<u>\$ 4,363,852</u>	<u>\$ -</u>	<u>\$ 9,915</u>	<u>\$ 4,373,767</u>

NOTE 4 – INVESTMENTS

UWBC’s investments are measured at fair value based on unadjusted quoted market prices within active markets. Long-term investments consist of investment accounts intended for long-term purposes. Investments consist of short-term equity securities of \$3,072,555 (2023) and \$3,004,177 (2022) and long-term equity securities of \$1,672,468 (2023) and \$1,359,675 (2022). Included in investments are securities assigned to board designations for special purpose endowments totaling \$1,265,333 (2023) and \$966,764 (2022).

The following schedule summarizes the investment and endowment income/(loss) in the statements of activities:

	2023	2022
Investments:		
Interest and dividend income:	\$ 160,387	\$ 141,862
Transfers in	58,865	92,045
Transfers out	(228,243)	(295,689)
Net realized and unrealized gains/(losses)	106,292	(536,182)
Investment expenses	(14,700)	(17,405)
Endowments:		
Interest and dividend income:	43,916	20,079
Transfers	216,243	295,689
Net realized and unrealized gains/(losses)	38,410	(131,629)
	<u>\$ 381,170</u>	<u>\$ (431,230)</u>

United Way of Brevard County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 5 – UNCONDITIONAL PROMISES TO GIVE, NET

Unconditional promises to give to UWBC for the subsequent fiscal year are measured at fair value. Future cash flows from UWBC's annual campaign are estimated using experience gained from previous campaigns. UWBC had net unconditional promises to give of \$2,060,733 (2023) and \$2,142,668 (2022), which included allowances for estimated uncollectible pledges of \$336,287 (2023) and \$327,401 (2022). Unconditional promises to give are expected to be collected within one year from the financial statement date.

NOTE 6 – PROPERTY AND EQUIPMENT

At June 30, 2023 and 2022, property and equipment consisted of the following:

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 4,184	\$ 4,184
Vehicle	46,409	46,409
Furniture and equipment	<u>17,401</u>	<u>17,401</u>
	67,994	67,994
Less: accumulated depreciation	<u>(63,512)</u>	<u>(52,989)</u>
	<u>\$ 4,482</u>	<u>\$ 15,005</u>

Depreciation expense charged to operations totaled \$10,253 (2023) and \$12,013 (2022).

NOTE 7 – OTHER ASSETS

At June 30, 2023 and 2022, other assets consisted of the following:

	<u>2023</u>	<u>2022</u>
Investments - Building Fund	\$ 407,135	\$ 392,911
Investments - Endowment Fund	1,265,333	966,764
Donated life insurance policy	<u>9,473</u>	<u>9,915</u>
	<u>\$ 1,681,941</u>	<u>\$ 1,369,590</u>

The donated life insurance policy represents the cash surrender value of a single life insurance policy received by UWBC through the United Way Life program offered by United Way Worldwide which enables United Way donors to make gifts through the use of life insurance products from a range of insurance companies. The policy has a current death benefit of \$100,000 with UWBC named as the beneficiary. All policy premiums are paid by the insured and considered to be contributions to UWBC.

United Way of Brevard County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2023 and 2022, net assets were comprised of the following:

	2023	2022
Without donor restrictions:		
Unrestricted - Gifts-in-kind inventory	\$ 16,325	\$ 12,545
Unrestricted - Property and equipment	4,482	15,005
Unrestricted - Undesignated	2,131,849	1,596,712
Board-designated for specific purposes:		
Strategic initiatives	339,268	534,681
Endowment fund	1,269,350	1,183,005
Building fund	392,911	441,080
Disaster relief	1,590	1,590
Total unrestricted net assets	4,155,775	3,784,618
With donor restrictions		
Restricted as to purpose:		
Disaster relief	49,662	34,777
Emerging leaders	2,352	2,352
Grants and sponsorships	52,497	59,700
Internal designations:		
Health	86,877	112,965
Education	76,063	65,863
Other	30,133	26,652
Harris Milestones	185,328	73,997
Restricted due to time restrictions:		
Campaign revenue (current year)	156,352	113,304
Total restricted net assets	639,264	489,610
Total net assets	\$ 4,795,039	\$ 4,274,228

A description of the nature and purpose of each fund group is as follows:

- **Board-designated for specific purposes:**
 - *Strategic initiatives* are funds approved by the board for health, education, and financial stability.
 - *Endowment* is a specific fund to assist donors in planned giving to further our mission
 - *Disaster relief* are funds set aside by the board to be accessed in the event of a disaster.

- **Temporarily restricted as to a purpose:**
 - *Disaster relief* are donor restricted funds to be accessed in the event of a disaster.
 - *Emerging leaders* is an affinity group for young leaders.
 - *Grants and sponsorships* include funds designated to financial stability initiatives, assist elderly residents in our community, and to encourage healthy living in our community
 - *Harris Milestones* are corporate funds restricted per their agreement for community initiatives.

- **Campaign revenue (current year)** are funds pledged or received in the current year for the next year's campaign.

United Way of Brevard County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 9 – LINE OF CREDIT

In December 2016, UWBC established a securities-based line of credit with a credit limit of \$1,025,000. The interest rate is at the one-month LIBOR plus 3.00%. Borrowings on the line of credit are secured by the investments in a brokerage account. For the year ended June 30, 2023, there were no funds drawn or interest expense on the line of credit.

NOTE 10 – BOARD-APPROVED AGENCY ALLOCATIONS PAYABLE

Unconditional promises to give to member agencies for the next fiscal year are measured at fair value. Future cash flows from UWBC's annual campaign are estimated using experience gained from previous campaigns. UWBC's board-approved agency allocations payable were \$2,610,672 (2023) and \$2,856,000 (2022).

NOTE 11 – DONOR-DESIGNATIONS PAYABLE

Donor designations are defined in FASB ASC 958-605-25 as agent transactions. Donor-designated assets include cash or pledges intended by the donors to be transferred through UWBC to specified beneficiaries. Donor designated funds payable to third parties were \$323,629 (2023) and \$374,106 (2022).

NOTE 12 – BOARD-DESIGNATED ENDOWMENT

Investment policy

UWBC has an investment policy that delegates the investment responsibilities to the finance committee for appropriate review, as per the Investment Plan dated October 24, 2018. This investment plan stipulates that the executive committee approves the investment policy and presents it to the board of directors.

Spending policy

UWBC has a spending policy that governs the rate at which funds are transferred from the endowment to the operating fund. The ordinary income from interest and dividends as well as gains in investments from the endowment fund may be distributed as deemed prudent to carry out programs for persons then present in or living in Brevard County, Florida. Transfers were made in accordance with the aforementioned spending policy. The board of directors has responsibility to manage the utilization of the endowment funds.

United Way of Brevard County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 13 – CONTRIBUTED NONFINANCIAL ASSETS

UWBC receives contributed nonfinancial assets under its Gifts in Kind program in the form of books and publications, clothing, electronics, and household items, medical supplies, and food. Contributed nonfinancial assets for the year ended June 30, 2023 were as follows:

	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Books and publications	\$ 51,900	Program Services	No associated donor restrictions	Contributed books and publications are valued based on the retail value of the items.
Clothing and household items	\$ 91,715	Program Services	No associated donor restrictions	Contributed clothing and household items are valued based on the retail value of the items.
Medical supplies	\$ 9,816	Program Services	No associated donor restrictions	Contributed medical supplies are valued based on the retail value of the items.
Food	\$ 401,051	Program Services	No associated donor restrictions	Contributed food is valued based on the retail value of the items.
Electronics	\$ 8,320	Program Services	No associated donor restrictions	Contributed electronics is valued based on the retail value of the items.

Under its Gifts-in-Kind program, UWBC received a total of \$562,802 (2023) and \$851,712 (2022) and distributed a total of \$561,487 (2023) and \$840,855 (2022) in donated materials.

In addition, many volunteers contributed their time to support UWBC. During the year ended June 30, 2023, approximately 11,836 service hours were donated by approximately 2,380 volunteers. During the year ended June 30, 2022, approximately 15,800 service hours were donated by approximately 650 volunteers. These service hours do not meet the criteria for recognition as contributed services under FASB 958, Revenue Recognition – Contributions Received.

NOTE 14 – RETIREMENT PLAN

UWBC maintains a 401(k) retirement plan for all employees who have attained age 21 and completed the minimum service requirements. Under the plan, all employees who meet eligibility requirements may contribute up to certain limits established by the Internal Revenue Code. UWBC currently matches up to 2% of the employees' contributions to the 401(k) plan and has made an additional employer contribution of 8% all eligible employees' salaries. UWBC's retirement contributions totaled \$96,365 (2023) and \$120,715 (2022).

United Way of Brevard County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 15 – RELATED PARTY TRANSACTIONS

Association

UWBC is a local, autonomous organization governed by a volunteer board of directors. UWBC has chosen to associate with United Way Worldwide and United Way of Florida. These international and state organizations provide systems through which local United Ways can act in unison on major issues affecting health and human services. Dues paid by UWBC to these organizations for assistance with planning, training, communication campaigns, and market research were \$129,266 (2023) and \$134,641 (2022).

Vendor

In April 2021 UWBC entered into a contract for outside accounting services with a firm whose partner is seated on its board of directors and is the immediate past chairperson. Accounting fees paid to the firm during the year ended June 30, 2023 and 2022 totaled \$0 and \$15,600, respectively. There were no amounts payable as of June 30, 2023. UWBC has also been associated with Sky Advertising for many years whose owner was the campaign chair for 2023 and on the executive committee. Expenses for the year ended June 30, 2023, and 2022 totaled \$71,367 and \$77,107, respectively. There was \$895 in amounts payable as of June 30, 2023.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

The Organization participates in various federally and state funded grant programs that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal and state regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a review or audit may become a liability of the Organization. As of the date of this report, the Organization is not aware of any such instances.

NOTE 17 – LEASE COMMITMENTS

As disclosed in Note 1, UWBC adopted FASB ASU 2016-02. UWBC leases space for client services in other counties under operating lease agreements. These leases are the only leases required to be included on the statement of financial position under FASB ASU 2016-02. As a result, adopting FASB ASU 2016-02 had no impact to prior year balance sheet information, and because the leases are operating leases, the adoption of this standard has no impact on the results of operations.

UWBC has elected to apply the short-term lease exception to all leases with a term of one year or less. As of June 30, 2023, UWBC has two short-term leases. As of June 30, 2023, the right-of-use (ROU) asset had a balance of \$504,691, as shown in the statement of financial position; the lease liability is included in current liabilities (\$103,893) and long-term liabilities (\$404,185). The lease asset and liability were calculated utilizing the risk-free discount rate (4.463%), according to the UWBC's elected policy.

United Way of Brevard County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 17 – LEASE COMMITMENTS (continued)

Additional information about the Organization’s leases are as follows:

<u>Lease costs (included in rent):</u>	
Operating lease cost	\$ 129,083
Total lease cost	<u>\$ 129,083</u>
 <u>Other information:</u>	
Cash paid for amounts included in measuring operating lease liability:	
Operating cash flows from operating lease	\$ 125,696
Total cash paid for amounts included in measuring operating lease liability	<u>\$ 125,696</u>
Weighted-average remaining lease term (years)	4.53
Weighted-average discount rate	4.46%

The difference between rent expense and rent paid is non-cash rent.

Maturities of operating lease liabilities as of June 30 are as follows:

2024	\$ 128,324
2025	129,915
2026	131,228
2027	86,135
2028	86,596
Total lease payments	<u>562,198</u>
Less: interest	<u>(54,122)</u>
Present value of lease liability	<u>\$ 508,078</u>

NOTE 18 – LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, include the following:

Cash and cash equivalents	\$ 1,156,296
Current investments	3,072,555
Grant and contract receivables	315,898
Unconditional promises to give, net	<u>1,724,446</u>
	<u>\$ 6,269,195</u>

Promises to give are primarily the 2022 campaign pledges, which will provide local partner agency allocations through June 2023. These promises are net of a 7% (2023) and 6% (2022) collection allowance.

United Way of Brevard County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 18 – LIQUIDITY (continued)

There is a board-designated endowment fund of \$1,269,350, not included above, which was created to support donors who wish to perpetuate a legacy of giving apart from the annual campaign. It is structured to fund initiatives consistent with the United Way mission. Management does not have any intention of withdrawing from this fund over the next fiscal year. However, these funds are not donor-restricted and may be made available for operating purposes if required.

Proceeds from the July 2018 sale of United Way's previous office building totaling \$397,000, not included above, were invested in a board-designated reserve account to preserve the principal for future office needs. Management's intention is to draw \$12,000 annually to offset current rental expense. However, the funds are available for use if necessary.

Management addresses liquidity by investing excess cash in an investment account which includes investment vehicles with varying lengths of maturity, so that funds may be accessed as needed without penalty.

As stated in Note 9, United Way of Brevard established a securities-based line of credit in the amount of \$1,025,000 with Raymond James Financial Inc. approved in December 2016. The intent of the line is for use when timing for liquidating investments would not be advantageous to the Organization or for emergency purposes. To date, the line of credit has never been utilized by the Organization.

NOTE 19 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 24, 2024, the date that the financial statements were available to be issued, and has determined that no material events occurred that would require disclosure.

SUPPLEMENTAL INFORMATION



Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
Renee C. Varga
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INDEPENDENT AUDITOR'S 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 of
United Way of Brevard County, Inc.
Rockledge, 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 Brevard County, Inc. (a nonprofit organization) (UWBC), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 24, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered UWBC's internal control over financial reporting (internal control) as a basis for designing 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 UWBC's internal control. Accordingly, we do not express an opinion on the effectiveness of UWBC'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 entity'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether UWBC'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 financial statements. 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2023-001.

UWBC's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on UWBC's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. UWBC's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 UWBC'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 UWBC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

Winter Park, Florida
January 24, 2024



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Partners

W. Ed Moss, Jr.
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Cori G. Cameron
Bob P. Marchewka
Ric Perez
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Frank J. Guida
John J. Rody, Jr.
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To the Board of Directors of
United Way of Brevard County, Inc.
Rockledge, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited United Way of Brevard County, Inc.'s (UWBC) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of UWBC's major federal programs for the year ended June 30, 2023. UWBC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, UWBC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the UWBC and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of UWBC's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to UWBC's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on UWBC's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about UWBC's compliance with the requirements of each major federal program as a whole.

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Auditor's Responsibilities for the Audit of Compliance (continued)

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 UWBC'S compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of UWBC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 UWBC's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on UWBC's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. UWBC's response was not subjected to the other auditing procedures applied in the audit of compliance and, we express no opinion on the response.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Moss, Krusick & Associates, LLC

Winter Park, Florida
January 24, 2024

United Way of Brevard County, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

- | | |
|---|------------|
| 1. Type of auditor’s report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None noted |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|------------|
| 1. Type of auditor’s report issued on compliance for major programs: | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None noted |
| 3. Audit findings disclosed that are required to be reported in accordance with Uniform Guidance? | Yes |
| 4. Identification of major programs: | |
| <u>Name of Federal Program</u> | <u>ALN</u> |
| Healthy Families | 93.575 |
| Cooperative Agreement to Support Navigators | 93.332 |
| 5. Dollar threshold used to distinguish between Type A and Type B programs | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | Yes |

Section II – Financial Statement Findings

No current year findings (no corrective action plan or management letter required).

United Way of Brevard County, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2023

Section III – Federal Award Findings and Questioned Costs

2023-001 Late submission of June 30, 2022 audit report – Federal Filing

Federal Program: ALN 93.575 and 93.332

Criteria: UWBC is required to file its audit report each year to the Federal Audit Clearinghouse within nine months after the end of fiscal year in accordance with 34 CFR 200.512.

Condition: UWBC did not file its June 30, 2022 report to the Federal Audit Clearinghouse within nine months after the end of fiscal year.

Cause: UWBC experienced employee turnover in key managerial and accounting roles causing delays in close out and completion of the audit.

Effect: UWBC did not meet the submission requirements as set forth by 34 CFR 200.512.

Recommendation: We recommend UWBC closely monitors this important submission requirement to avoid missing the deadline.

Management's Response: Management will take corrective action to make sure the audit report is submitted to the Federal Audit Clearinghouse in compliance with the submission requirements.

Section IV – Status of Prior Year Audit Findings

There were no prior year audit findings.

UNITED WAY OF BREVARD COUNTY, INC.
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

<u>Federal/State Agency, Pass-through Entity</u>	<u>ALN</u>	<u>Award Number</u>	<u>Expenditures</u>
FEDERAL AWARDS			
<u>U.S. Department of Health and Human Services</u>			
<i>Passed through from Centers for Medicare and Medicaid Services</i>			
Ounce of Prevention/Healthy Families Florida			
Child Care and Development Block Grant	93.575	20-25-09	\$ 290,589
Promoting Safe and Stable Families	93.556	20-25-09	158,732
Ounce of Prevention/CAPTA			
Community Based Family Resource and Support Grants	93.590	20-25-09C	68,204
<i>Passed through from the State of Florida</i>			
University of South Florida			
Cooperative Agreement to Support Navigators			
In Federally-facilitated Exchanges	93.332	6414-1126-00-H	29,904
Cooperative Agreement to Support Navigators			
In Federally-facilitated Exchanges	93.332	6414-1126-01-H	171,183
Total U.S. Department of Health and Human Services			<u>718,612</u>
<u>U.S. Department of Housing and Urban Development</u>			
<i>Passed through from the State of Florida</i>			
Florida Department of Health, Housing			
Opportunities for Persons with AIDS (HOPWA)	14.241	CODUH	713,852
Total U.S. Department of Housing and Urban Development			<u>713,852</u>
<u>U.S. Department of the Treasury - Internal Revenue Service</u>			
Volunteer Income Tax Assistance (VITA)	21.009	23VITA0102	30,000
Total U.S. Department Treasury			<u>30,000</u>
<u>Corporation for National and Community Service</u>			
<i>Passed through Volunteer Florida</i>			
AmeriCorps Volunteers In Service to America			
VISTA Cost Share 12/4/20 thru 12/4/21	94.013	16VSSFL010	3,828
VISTA Cost Share 12/5/21 thru 12/4/22	94.013	16VSSFL010	10,346
Total for Community for National and Community Service			<u>14,174</u>
Total Expenditures of Federal Awards			<u>\$ 1,476,638</u>

See independent auditor's report.

United Way of Brevard County, Inc.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2023

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal spending United Way of Brevard County, Inc. (the "Organization") and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not represent the financial position of the Organization.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entities

Pass-through entity identifying numbers are presented where available.

Note 3 – INDIRECT COST RATE

United Way of Brevard County, Inc. elects to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance either when required by the grant contract or when permitted and determined appropriate by management.