UNITED WAY OF SANTA CRUZ COUNTY

AUDITED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2022

(With summarized comparative totals as
of and for the year ended June 30, 2021)

HARSHWAL® & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

UNITED WAY OF SANTA CRUZ COUNTY

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HARSHWAL® & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Santa Cruz County
Capitola, CA

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of United Way of Santa Cruz County (the "Organization") a nonprofit organization, which comprise the statement of financial position as of June 30, 2022, 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 the Organization as of June 30, 2022, 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 the Organization 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 the Organization'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.

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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the Organization's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 09, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Information listed in the Table of Contents 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 Supplementary Information is fairly stated in all material respects in relation to the financial statements as a whole.

Harshwal & Company LLP

Oakland, California
August 02, 2024

FINANCIAL STATEMENTS

UNITED WAY OF SANTA CRUZ COUNTY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022
(With summarized comparative totals for the year ended June 30, 2021)

	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 581,967	$ 427,786
Accounts receivable	687,574	575,393
Pledges receivable	87,954	181,650
Allowance for doubtful accounts	(87,954)	(96,788)
Prepaid expenses	11,040	14,867
Total current assets	1,280,581	1,102,908
Noncurrent assets:		
Property and equipment, net	-	28
Beneficial interest with donor restriction net assets held by others	64,274	76,185
Deposits	5,280	5,280
Total noncurrent assets	69,554	81,493
Total assets	1,350,135	1,184,401
LIABILITIES		
Current liabilities:		
Accounts payable	221,281	206,318
Accrued expenses	85,778	92,583
Allocations payable	72,733	102,245
Designations payable - member and non-member	133,522	136,093
PPP allocation (related to First 5)	52,921	52,921
Total current liabilities	566,235	590,160
Total liabilities	566,235	590,160
NET ASSETS		
Without donor restrictions	274,136	444,530
With donor restrictions	509,764	149,711
Total net assets	783,900	594,241
Total liabilities and net assets	$ 1,350,135	$ 1,184,401

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

UNITED WAY OF SANTA CRUZ COUNTY

STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
(With summarized comparative totals for the year ended June 30, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES AND SUPPORTS:				
Campaign support	$ 406,775	$ -	$ 406,775	$ 427,324
Legacies and bequests	994	-	994	1,500
Grants and contracts	2,016,067	950,524	2,966,591	3,320,930
Community projects and miscellaneous support	52,750	-	52,750	59,000
Foundation grants	50,000	-	50,000	1,000
Special fund raising events	105,745	-	105,745	37,410
Investment income	(11,911)	-	(11,911)	12,166
Other income	44,011	-	44,011	20,672
Net assets released from restrictions	590,471	(590,471)	-	-
Total revenues and supports	3,254,902	360,053	3,614,955	3,880,002
EXPENSES:				
Program services	2,879,421	-	2,879,421	3,122,356
Supporting services	545,875	-	545,875	624,980
Total expenses	3,425,296	-	3,425,296	3,747,336
Change in net assets	(170,394)	360,053	189,659	132,666
Net assets, beginning of year	444,530	149,711	594,241	461,575
Net assets, end of year	$ 274,136	$ 509,764	$ 783,900	$ 594,241

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

UNITED WAY OF SANTA CRUZ COUNTY

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022
(With summarized comparative totals for the year ended June 30, 2021)

	Programs Services			Supporting Services				Total	Total
	Programs/ Grants	First 5 of Santa Cruz County	Total Program Services	Administration	First 5 of Santa Cruz County	Fundraising Marketing	Total Supporting Services	2022	2021
Salaries	$ 446,601	$ 709,892	$ 1,156,493	$ 93,538	$ 158,643	$ 106,212	$ 358,393	$ 1,514,886	$ 1,422,659
Benefits/Payroll taxes	105,612	330,100	435,712	32,173	57,544	28,170	117,887	553,599	503,872
Professional fees	21,947	221,981	242,686	2,908	6,103	6,376	15,387	258,073	392,143
Grant making	243,169	-	243,169	-	-	30,000	30,000	273,169	462,124
Disaster assistance	16,250	-	16,250	-	-	-	-	16,250	177,474
Travel, conference, and meetings	7,975	2,357	10,332	508	40	294	842	11,174	20,739
Community engagements and stipends	10,714	340,470	351,184	-	-	-	-	351,184	333,681
Program supplies	116,228	11,185	127,413	4,324	8,855	11,558	24,737	152,150	125,978
Occupancy	30,694	50,549	81,243	7,199	14,421	7,800	29,420	110,663	99,720
Printing/publications/ marketing	31,165	6,100	37,265	172	907	32,773	33,852	71,117	62,326
Equipment rental and maintenance	5,932	2,233	8,165	756	971	1,484	3,211	11,376	6,961
Membership dues	11,565	5,602	17,167	4,019	15,139	2,663	21,821	38,988	30,262
Telephone	9,269	13,125	22,394	1,599	2,148	2,021	5,768	28,162	21,620
Postage and shipping	694	2,297	2,991	167	993	528	1,688	4,679	5,992
Depreciation	-	-	-	28	-	-	28	28	-
Administrative offset	109,206	-	109,206	(109,206)	-	-	(109,206)	-	-
Advertising cost	2,195	430	2,625	12	64	2,307	2,383	5,008	7,924
Bad debts	3,248	-	3,248	352	221	-	573	3,821	63,061
Miscellaneous	8,148	-	8,148	2,496	1,562	-	4,058	12,206	2,086
Insurance	2,186	1,544	3,730	1,086	3,703	244	5,033	8,763	8,714
Total 2022	$ 1,182,798	$ 1,697,865	$ 2,879,421	$ 42,131	$ 271,314	$ 232,430	$ 545,875	$ 3,425,296	
Total 2021	$ 1,423,801	$ 1,698,555	$ 3,122,356	$ 130,797	$ 259,110	$ 235,073	$ 624,980		$ 3,747,336

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

UNITED WAY OF SANTA CRUZ COUNTY

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022
(With summarized comparative totals for the year ended June 30, 2021)

	2022	2021
Cash Flows from Operating Activities:		
Change in net assets	$ 189,659	$ 132,666
Adjustments to reconcile change in net assets to net cash (used in)/provided by operating activities:		
Changes in beneficial interest in assets held by others	11,911	(6,582)
Depreciation	28	-
Bad debt/pledge loss expense	(8,834)	63,061
Changes in assets and liabilities:		
Pledges receivable	93,696	51,273
Accounts receivable	(112,181)	275,443
Prepaid expenses	3,827	(9,498)
Accounts payable and accrued expenses	8,158	(287,841)
Allocations payable	(29,512)	27,820
Designations payable - member and non-members	(2,571)	(40,008)
Deferred rent liability	-	(2,955)
PPP allocation	-	(133,357)
Net cash provided by/(used in) operating activities	154,181	70,022
Net change in cash and cash equivalents	154,181	70,022
Cash and cash equivalents, beginning of year	427,786	357,764
Cash and cash equivalents, end of year	$ 581,967	$ 427,786

NOTE 1 - NAME OF ORGANIZATION

United Way of Santa Cruz County (the "Organization") is a nonprofit charitable relief organization that raises funds primarily from local individuals and businesses and distributes those funds to various social service agencies in Santa Cruz County. The Organization also convenes organizations and individuals to solve community problems and improve the quality of life for the residents of Santa Cruz County. The Organization also includes the operations of the United Way of San Benito County.

The Organization collaborates with First 5 Santa Cruz County under two separate service agreements. Under the direction and supervision of the First 5 Santa Cruz County Commission ("First 5"), the Organization will hire staff or consultants to perform all necessary administrative duties to fulfill the responsibilities of First 5 as outlined in the service agreements.

Community engagement, education, and advocacy are the cornerstones of United Way's work. United Way engages with the community through in house programs that are funded through county contracts, private foundations, and grants. These include critical areas of concern: homelessness, obesity, poverty, youth violence prevention, healthy eating, children's network – and others. As the lead organization for these initiatives, United Way plays a critical role in the community – promoting change at all levels of the community.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to not-for-profit organizations. Under this method, revenues are recorded when the rights to receive are earned or when services have been provided, and expenditures are recorded when the obligation to pay is incurred.

B. Financial Statement Presentation

The accompanying financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities.

Under the provisions of the Guide, net assets, revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net Assets Without Donor Restrictions: Net assets include those assets over which the Board of Directors (the "Board") has discretionary control in carrying out the operations of the Organization. Under this category, the Organization maintains an operating fund plus any net assets designated by the Board for specific purposes. Net assets without donor restrictions currently include the operating fund.

Net assets with Donor Restrictions: Net assets include those assets which are subject to donor restrictions and for which the applicable restriction was not met as of the year end of the current reporting period. Donor restrictions expire when stipulated time restriction ends or purpose restriction is accomplished. With donor restriction net assets are reclassified to without donor net assets and reported in the statement of activities as net assets released from restrictions when the restrictions expire.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, money market funds, and all highly liquid debt instruments with original maturities of three months or less.

D. Annual Campaign, Pledges Receivable, Designations, and Allowance for Doubtful Accounts

The Organization conducts an annual campaign to raise funds to support various social service agencies in Santa Cruz and San Benito Counties. Pledges received from local individuals and businesses are recorded as revenue and a receivable upon receipt of the pledge, and an allowance is provided for amounts estimated as uncollectible. Included in these pledges are contributions designated by donors for other nonprofit organizations, for which the Organization serves as the primary fiscal agent in the solicitation and distribution of such pledges, net of related administrative fees. These pledges are included in campaign support and are deducted as donor designations to other organizations in the statement of activities to arrive at net campaign support.

Also included in these pledges raised by the Organization are contributions designated for other nonprofit organizations by employee donors of certain companies. These companies distribute the designated funds directly to the other nonprofit organizations, net of related administrative fees. These pledges are also included in campaign support, and are deducted as donor designations paid by others in the Organization's statement of activities to arrive at net campaign support.

The allowance for doubtful accounts for pledges receivable was $87,954 and $96,788 at June 30, 2022, and June 30, 2021, respectively.

E. Beneficial Interest

In connection with an establishment of the endowment fund at The Community Foundation for San Benito County ("CFSBC"), the Organization transferred the endowment fund assets to CFSBC to manage as investments and specified itself as the beneficiary. Thus, the Organization has a beneficial interest in such endowment fund assets. A beneficial interest is defined as a future economic benefit of anticipated further cash flows. The Organization has a beneficial interest in the endowment fund assets of CFSBC.

The CFSBC measures its beneficial interest at fair value on a recurring basis at each financial statement date; accordingly, the Organization reports its beneficial interest in the CFSBC endowment fund assets in the statement of financial position and reports a change in its beneficial interest in the statement of activities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

F. *Property and Equipment*

All purchased equipment is stated at cost and donated equipment is stated at fair value at the date of the donation for items exceeding $1,200. During the year ended June 30, 2022, no equipment was donated to the Organization. Major improvements are capitalized and added to property accounts, whereas repairs and maintenance that do not extend the asset's life are expensed in the current year. Depreciation expense is computed on the straight-line method, based on the estimated useful lives of the assets as follows:

Asset	Useful life
Computer and office equipment	5-7 years
Leasehold improvements	5-10 years

G. *Allocations Expenses and Allocations Payable*

Allocations are contributions from the Organization to member agencies. Allocations are made from unrestricted support raised by the annual campaign. Member agencies are selected every three years by the governing board, with annual updated financial reports and annual site visits. Unconditional promises to give are reported as an expense upon notification of the promise.

The Organization mails out allocation letters prior to the close of its fiscal year. Accordingly, those allocations are reported as an expense and as allocations payable. The allocations are paid out over the following fiscal year.

H. *Donated Services*

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Additionally, a substantial number of volunteers donated significant amounts of their time in the Organization's fund-raising campaigns.

I. *Income Taxes*

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from California franchise tax under Section 23701d of the Revenue and Taxation Code.

J. *Fair Value Measurements*

The carrying amount of cash and cash equivalents, pledges approximate fair market value due to short-term maturities of these instruments.

The Organization defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization uses 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).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

J. Fair Value Measurements - Cont'd

The three levels of the fair value hierarchy are described below:

Level 1: quoted prices in active markets for identical investments.

Level 2: pricing inputs, including broker quotes, are those other than exchange quoted prices inactive markets and are either directly or indirectly observable as of the reporting date in which the fair value is determined through the use of models or other valuation methodologies.

Level 3: pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investments and may require a high level of judgment to determine fair value.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Level 1 assets are based on quoted market prices. Level 2 assets are based on estimated current market inputs for similar financial instruments with comparable terms and credit quality.

The following table presents the assets that are measured at fair value on a recurring basis as of June 30, 2022:

	Assets at Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Money market funds	$ -	$ -	$ -	$ -
Beneficial interest in assets held by others	-	-	64,274	64,274
Total	$ -	$ -	$ 64,274	$ 64,274

Assets measured on a recurring basis using significant unobservable inputs (Level 3 inputs) are as follows:

Balance at June 30, 2021	$ 76,185
Addition	1,064
Change in value	(13,181)
Interest and dividend	1,063
Bank and other charges	(857)
Balance at June 30, 2022	$ 64,274

K. Deferred Rent Liability

The Organization's lease of their main office space in Capitola, California, provides for a 3% increase in monthly lease payments and triple net charges. The Organization recognizes the related rent expense on a straight-line basis over the life of the lease and records the difference between the expense included in the accompanying statement of activities and the amount recorded as deferred rent liability.

L. Functional Allocation of Expenses

The majority of expenses can be directly identified with the program or supporting services to which they relate and are charged accordingly. Other expenses have been allocated among program and supporting services classification based on the average number of full-time employees, the time study allocation method, and on a direct costs basis. This is consistent with the standards for allocation of functional expenses in accordance with United Way Worldwide.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

M. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

N. Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. In June 2020, the FASB issued ASU 2020-05, which defers the effective date of ASU 2016-02 one year, making it effective for annual reporting periods beginning after December 15, 2021. The Organization is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

NOTE 3 - CASH AND CASH EQUIVALENTS

Credit Risk: Certain financial deposits potentially subject the Organization to concentrations of credit risk in that these deposits exceed federal deposit insurance limits. These financial deposits consist primarily of cash and cash equivalents. The Organization places its cash and cash equivalents with high credit, quality financial institutions.

At year-end, the carrying amount of the Organization cash deposits was $581,967 and the bank balance was $653,369. The difference between the bank balance and the carrying amount represents reconciling items of $71,510 and petty cash of $108.

Cash balances held in banks are insured up to $250,000 by Federal Deposit Insurance Corporation (FDIC). The Organization maintains its cash in bank deposit accounts that at times may exceed insured limits. At June 30, 2022, the Organization was secured and unsecured by FDIC as shown below.

	2022	2021
Deposit with banks	$ 653,369	$ 762,722
Less: FDIC coverage	(569,694)	(730,427)
Total uninsured balance	$ 83,675	$ 32,295

NOTE 4 - PREPAID EXPENSES

The Organization's prepaid expenses as of June 30, 2022, and June 30, 2021, were as follows:

	2022	2021
Employee benefits	$ 10,097	$ 4,568
Other	943	10,299
Total	$ 11,040	$ 14,867

NOTE 5 - PROPERTY AND EQUIPMENT

The Organization's property and equipment and related accumulated depreciation as of June 30, 2022, and June 30, 2021, were as follows:

	2022	2021
Computer equipment	$ 72,355	$ 83,953
Office equipment	40,641	40,641
Leasehold improvements	16,773	16,773
	129,769	141,367
Accumulated depreciation	(129,769)	(141,339)
Property and equipment, net	$ -	$ 28

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2022, are summarized as follows:

	June 30, 2021	Additions	Releases	June 30, 2022
United Way of San Benito County	$ 39,026	$ 136,776	$ -	$ 175,802
Immunization Coalition	2,503	-	-	2,503
Santa Cruz County	2,100	-	-	2,100
Kaiser	14,203	-	14,203	-
Graniterock	2,605	-	2,605	-
Pajaro Valley Community Health Trust	15,000	59,250	74,250	-
Sutter	10,000	-	10,000	-
211 Balance	-	664,853	436,337	228,516
STB Balance	-	36,895	14,827	22,068
Cap Balance	-	52,750	38,249	14,501
Endowment				
USWC Endowment	21,249	-	-	21,249
USWC Endowment	43,025	-	-	43,025
Total	$ 149,711	$ 950,524	$ 590,471	$ 509,764

NOTE 7 - NET CAMPAIGN SUPPORT

A summary of net campaign support following as of June 30:

	2022	2021
Annual campaign	$ 406,775	$ 427,324
Less: Provision for uncollectible pledges	(3,821)	(63,061)
Net campaign support	$ 402,954	$ 364,263

NOTE 8 - DEFERRED COMPENSATION PLAN

United Way sponsors a salary reduction contribution plan (the "Plan") pursuant to Section 403(b) of the Internal Revenue Code, covering substantially all employees. Under the Plan, employees contribute a specified percentage of their salary, or a fixed dollar amount, to the Plan. Participants are immediately vested in all contributions to the Plan.

The Organization contributes a percentage of each participant's salary, as approved by the Board. The percentage has historically been 3% to 8%. The Organization also contribute in 401 (A) plan only for First 5 staff. Contributions totaling $94,266 and $85,025 for the year ended June 30, 2022 and 2021, respectively were made by the Organization, in addition to elective deferrals made by employees.

NOTE 9 - CONCENTRATIONS

Concentration of Grants

The Organization collaborates with First 5 Santa Cruz County, who provides approximately 52% of the Organization's total support and revenue and represents approximately 24% of total grants revenue as of June 30, 2022. The contract with First 5 Santa Cruz County is renewable annually. Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist of checking accounts, money market funds accounts, and accounts and pledges receivable. Credit risk with respect to grants revenue is considered low because a substantial portion is from government agencies. Pledges receivable, which have been shown net of an allowance for uncollectible amounts, are due from corporations, foundations, and individuals located primarily in Santa Cruz County.

Cash and Cash Equivalents

The Organization maintains balances in cash and interest-bearing deposit accounts in financial institutions and from time to time during the year, the cash balances may be in excess of the amount insured by the FDIC. In the event of insolvency by the financial institution, deposits in excess of insured amounts are potentially subject to unrecoverable loss.

NOTE 10 - LEASE COMMITMENTS

In September 2010, the Organization entered into a ten years lease for its main office space in Capitola, California, ending August 2020. In September 2020, lease extends for 3 years, ending on August 2023. Monthly lease payments, including triple net charges, were $6,700 till August 2021, after that rent charges were $6,900 for the year ended June 30, 2022. The agreement provides for a 3% increase annually in the lease payment and triple net charges beginning in year six and continuing each subsequent year.

NOTE 10 - LEASE COMMITMENTS (CONT'D)

The Organization also rents one other program facility on a month-to-month basis. Monthly rent for the facility is $350. Rent expense for the year ended June 30, 2022, was $101,432, including triple net charges.

As of June 30, 2022, the Organization is committed to the following annual minimum lease payments, including triple net charges:

Year ending June 30:	Minimum Payment	Amortization of Straight-Line Deferred Rent (Deferred Liability)	Straight-Line Expense
2023	$ 84,894	$ (2,461)	$ 82,433
2024	14,218	-	14,218
	$ 99,112	$ (2,461)	$ 96,651

NOTE 11 - ADVERTISING COSTS

Advertising costs are expensed as incurred. Advertising expenses were $5,008 and $7,924 for the year ended June 30, 2022, and 2021, respectively.

NOTE 12 - ENDOWMENT FUND

The Organization has established an endowment fund with CFSBC. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions. The Endowment Fund is a with donor restricted net asset for which the principal value was stipulated by donors to be invested in perpetuity, with the earnings available to the Organization's action. Investment of these assets is at the discretion of the CFSBC.

Interpretation of the Relevant Law:

The Board has interpreted the California version of the Uniform Prudent Management of Institutional Funds Act as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund, and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

Underwater Endowment Funds:

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the value of the original and subsequent donor gift amounts. There were no fund deficiencies as of June 30, 2022.

NOTE 12 - ENDOWMENT FUND (CONT'D)

Return Objectives and Risk Parameters:

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor restricted funds that the Organization must hold in perpetuity. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce a real rate of return in excess of the spending policy.

Changes in Endowment Net Assets:

Changes in endowment net asset as of June 30, 2022, and 2021 consisted of the following:

	With Donor Restrictions
Endowment net assets, June 30, 2020	$ 74,603
Prior period adjustment	(5,000)
Investment income	6,582
Endowment net assets, June 30, 2021	76,185
Addition	1,064
Investment income	(12,975)
Endowment net assets, June 30, 2022	$ 64,274

From the above ending balance of endowment, $64,274 is included in the investment (Note 2 (J)).

NOTE 13 - LIQUIDITY

The following represents the Organization's financial assets at June, 30:

	2022	2021
Cash and cash equivalents	$ 581,967	$ 427,786
Accounts receivable	687,574	575,393
Pledges receivable	87,954	181,650
Allowance for doubtful accounts	(87,954)	(96,788)
Total financial assets	1,269,541	1,088,041
Less: amounts not available to be used within one year:		
Net assets with donor restrictions	(509,764)	(149,711)
Financial assets available to meet general expenditures within one year	$ 759,777	$ 938,330

The Organization's goal is to generally maintain financial assets to meet 90 days of operating expenses (approx. $844,594). As part of its liquidity and investment plan, excess cash is invested in short-term investments - e.g. money market accounts, etc. - while longer term assets are invested in accordance with the Investment policy.

NOTE 14 - SUBSEQUENT EVENTS

On June 30, 2023, United Way of San Benito County officially dissolved. This event occurred after the balance sheet date but before the issuance of these financial statements. The dissolution process included the liquidation of all assets, settlement of all liabilities, and final distribution of any remaining funds in accordance with the organization's bylaws and applicable state laws. The financial impact of this dissolution has been reflected in the financial statements where applicable.

Management has reviewed all relevant information related to the dissolution and believes there are no additional disclosures required at this time.

SUPPLEMENTARY INFORMATION

UNITED WAY OF SANTA CRUZ COUNTY
STATEMENT OF ACTIVITIES DETAIL
FOR THE YEAR ENDED JUNE 30, 2022

Allocations to Partner Programs	Approved Allocations
Women in Philanthropy	$ 17,400
SB Member Agencies	80,000
	$ 97,400