

UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

(WITH SUMMARIZED COMPARATIVE INFORMATION
AS OF AND FOR YEAR ENDED MARCH 31, 2022)

(WITH INDEPENDENT AUDITORS' REPORT THEREON)

TABLE OF CONTENTS

	PAGE
Independent Auditors' Report	1-2
Financial Statements	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7-15

INDEPENDENT AUDITORS' REPORT

**The Board of Directors
United Way of Charlotte County, Inc. and Related Entity
Port Charlotte, Florida**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **United Way of Charlotte County, Inc. and Related Entity** which comprise the consolidated statement of financial position as of **March 31, 2023**, and the related consolidated 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 respects, the financial position of **United Way of Charlotte County, Inc. and Related Entity** as of **March 31, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **United Way of Charlotte County, Inc. and Related Entity** 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 **United Way of Charlotte County, Inc. and Related Entity's** ability to continue as a going concern within one year after the date the financial statements are available to be issued.

**The Board of Directors
United Way of Charlotte County, Inc. and Related Entity
Port Charlotte, Florida
August 7, 2023**

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.

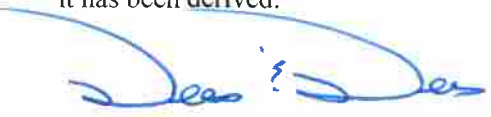
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 **United Way of Charlotte County, Inc. and Related Entity'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 no conditions or events, considered 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 **United Way of Charlotte County, Inc.'s March 31, 2022** financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 10, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended **March 31, 2022** is consistent, in all material respects, with the audited financial statements from which it has been derived.



DEES & DEES, C.P.A.'s, P.A.
Port Charlotte, Florida
August 7, 2023

FINANCIAL STATEMENTS

UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31, 2023

(with comparative financial information as of March 31, 2022)

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 1,659,540	\$ 757,395
Pledges receivable – net allowance for uncollectible pledges	177,249	179,629
Prepaid expenses	12,807	5,281
Beneficial interests held in Trust	421,769	-0-
Foundation Endowment Investments	<u>-0-</u>	<u>473,662</u>
Total Current Assets	<u>2,271,365</u>	<u>1,415,967</u>
<u>Noncurrent Assets</u>		
Property and equipment – net of accumulated depreciation	<u>430,960</u>	<u>441,955</u>
Total Noncurrent Assets	<u>430,060</u>	<u>441,955</u>
Total Assets	<u>\$ 2,702,325</u>	<u>\$ 1,857,922</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 2,497	\$ 1,131
Accrued agency allocations	27,228	108,390
Grants payable	381,903	387,973
Security deposits	1,100	1,100
Current maturities of long-term debt	<u>33,562</u>	<u>31,771</u>
Total Current Liabilities	<u>446,290</u>	<u>530,365</u>
<u>Long Term Liabilities</u>		
Long-term debt – net of current maturities	<u>163,940</u>	<u>197,368</u>
Total Long Term Liabilities	<u>163,940</u>	<u>197,368</u>
Total Liabilities	610,230	727,733
<u>Net Assets</u>		
Without donor restrictions - Undesignated	1,624,291	579,847
Without donor restrictions - Designated	421,769	-0-
With donor restrictions - Operations	46,035	76,680
With donor restrictions - Foundation	<u>-0-</u>	<u>473,662</u>
Total Net Assets	<u>2,092,095</u>	<u>1,130,189</u>
Total Liabilities and Net Assets	<u>\$ 2,702,325</u>	<u>\$ 1,857,922</u>

Read Independent Auditors' Report
The accompanying notes are an integral part of this statement.

UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED MARCH 31, 2023
(with comparative financial information for year ended March 31, 2022)

	<u>2023</u>	<u>2022</u>
CHANGES IN NET ASSETS - WITHOUT DONOR RESTRICTIONS		
<u>REVENUES:</u>		
Contributions	\$ 828,286	\$ 723,805
Grants from local governments	791,500	791,500
Disaster Grants	1,646,882	-0-
Donated services	49,817	32,540
Investment return, Net	1,983	11
Other income	664	62
Change in value of Beneficial Interest	3,837	-0-
Rental income	<u>13,200</u>	<u>12,550</u>
Total Unrestricted Revenues	<u>3,336,169</u>	<u>1,560,468</u>
 NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of program restrictions	<u>1,234,101</u>	<u>423,119</u>
Total Revenues and Reclassifications	<u>4,570,270</u>	<u>1,983,587</u>
 <u>EXPENSES:</u>		
Program services	2,845,738	1,615,454
Management and general	149,467	152,954
Fundraising	<u>108,852</u>	<u>90,785</u>
Total Expenses	<u>3,104,057</u>	<u>1,859,193</u>
 Change in Net Assets without Donor Restrictions	<u>1,466,213</u>	<u>124,394</u>
 CHANGES IN NET ASSETS - WITH DONOR RESTRICTIONS		
Contributions	764,659	463,078
Investment return, Net	(34,865)	12,156
Net assets released from restrictions	<u>(1,234,101)</u>	<u>(423,119)</u>
 Change in Net Assets with Donor Restrictions	<u>(504,307)</u>	<u>52,115</u>
 TOTAL CHANGE IN NET ASSETS	961,906	176,509
 NET ASSETS AT THE BEGINNING OF FISCAL YEAR	<u>1,130,189</u>	<u>953,680</u>
 NET ASSETS AT THE END OF FISCAL YEAR	<u>\$2,092,095</u>	<u>\$1,130,189</u>

UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED MARCH 31, 2023
(with summarized comparative financial information for year ended March 31, 2022)

	Program <u>Services</u>	Management <u>and General</u>	Fund <u>Raising</u>	2023 <u>Totals</u>	2022 <u>Totals</u>
COMPENSATION AND RELATED EXPENSES					
Salaries	\$ 139,885	\$ 63,584	\$ 50,867	\$ 254,336	\$ 232,779
Employee benefits	17,487	7,749	6,558	31,794	20,589
Payroll taxes	<u>11,854</u>	<u>5,388</u>	<u>4,311</u>	<u>21,553</u>	<u>18,547</u>
Total compensation and related expenses	<u>169,226</u>	<u>76,721</u>	<u>61,736</u>	<u>307,683</u>	<u>271,915</u>
ALLOCATIONS AND CONTRIBUTIONS					
Allocations paid out	104,911	-0-	-0-	104,911	108,390
Designations	1,250	-0-	-0-	1,250	1,728
Grants	2,315,132	-0-	-0-	2,315,132	1,200,922
Donated services	<u>49,817</u>	<u>-0-</u>	<u>-0-</u>	<u>49,817</u>	<u>32,540</u>
Total allocations and contributions	<u>2,471,110</u>	<u>-0-</u>	<u>-0-</u>	<u>2,471,110</u>	<u>1,343,580</u>
OCCUPANCY					
Building loan interest	8,390	2,997	599	11,986	13,720
Property insurance	985	352	70	1,407	1,454
Property taxes	141	50	10	201	205
Rental expenses	-0-	-0-	-0-	-0-	22
Repairs and maintenance	7,177	2,563	513	10,253	11,468
Utilities	<u>5,300</u>	<u>1,893</u>	<u>379</u>	<u>7,572</u>	<u>5,672</u>
Total occupancy expenses	<u>21,993</u>	<u>7,855</u>	<u>1,571</u>	<u>31,419</u>	<u>32,541</u>
ADMINISTRATION					
Office expense	3,688	9,588	1,476	14,752	24,886
Professional fees	3,679	11,036	-0-	14,715	15,320
Professional development	-0-	1,634	-0-	1,634	564
Marketing and advertising	10,199	8,741	10,199	29,139	16,115
Campaign expenses	-0-	-0-	29,284	29,284	21,908
Taxes, licenses and permits	-0-	498	-0-	498	289
Program expense	147,663	-0-	-0-	147,663	66,504
Dues and subscriptions	2,824	22,679	2,824	28,327	30,811
Insurance	<u>2,027</u>	<u>1,216</u>	<u>810</u>	<u>4,053</u>	<u>3,879</u>
Total administrative expenses	<u>170,080</u>	<u>55,392</u>	<u>44,593</u>	<u>270,065</u>	<u>180,276</u>
OTHER EXPENSES					
Bank and investment fees	-0-	3,552	-0-	3,552	12,652
Depreciation expense	13,329	4,761	952	19,042	17,611
Travel	<u>-0-</u>	<u>1,186</u>	<u>-0-</u>	<u>1,186</u>	<u>618</u>
Total other expenses	<u>13,329</u>	<u>9,499</u>	<u>952</u>	<u>23,780</u>	<u>30,881</u>
 Total functional expenses	 <u>\$2,845,738</u>	 <u>\$ 149,467</u>	 <u>\$ 108,852</u>	 <u>\$3,104,057</u>	 <u>\$1,859,193</u>

UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED MARCH 31, 2023

(with summarized comparative financial information for year ended March 31, 2022)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
CHANGE IN NET ASSETS	\$ 961,906	\$ 176,509
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by (Used In) Operating Activities:		
Depreciation	19,042	17,611
Investment change, Net	55,730	1,543
Change in value of Beneficial Interest	(3,837)	-0-
(Increase) decrease in operating assets:		
Pledges receivable, Net	2,380	15,485
Prepaid expenses	(7,526)	(3,491)
Increases (decrease) in operating liabilities:		
Accounts payable	1,366	461
Accrued grants and agency allocations	(87,234)	(163,023)
Security deposits	<u>-0-</u>	<u>(850)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>941,827</u>	<u>44,245</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of equipment	<u>(8,045)</u>	<u>(7,620)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(8,045)</u>	<u>(7,620)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Mortgage principal payments	<u>(31,637)</u>	<u>(29,904)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(31,637)</u>	<u>(29,904)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	902,145	6,721
CASH AND CASH EQUIVALENTS – AT BEGINNING OF FISCAL YEAR	<u>757,395</u>	<u>750,674</u>
CASH AND CASH EQUIVALENTS – AT END OF FISCAL YEAR	<u>\$1,659,540</u>	<u>\$ 757,395</u>

UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

(with summarized comparative information as of and for the year ended March 31, 2022)

Note 1 – Summary of Significant Accounting Policies

Organization and Nature of Activities

United Way of Charlotte County, Inc. (“United Way”) was incorporated as a Florida not-for-profit corporation on March 18, 1966. The United Way is affiliated with the United Way of America and its mission is “to enhance the quality of life in Charlotte County; to assess, on a continuing basis, the need for human service programs; to seek solutions to human problems; to assist in the development of new or expansion or modification of existing human service programs; to promote preventive activities, and foster cooperation among local, state and national agencies serving the community.” The United Ways’ support comes primarily from business and individual donors’ contributions and volunteer services.

United Way Foundation of Charlotte County, Inc. (the “Foundation”) was incorporated as a Florida not-for-profit Corporation on October 17, 2016. The Foundation is organized and operated solely and exclusively to support and benefit the United Way of Charlotte County, Inc. under an operating agreement. The Foundation is a consolidated related entity. The Foundation Board of Directors voted on January 25, 2023 to dissolve the Foundation and consolidate all assets back into the United Way.

Principles of Consolidation

The consolidated financial statements include the accounts of United Way of Charlotte County, Inc. and United Way Foundation of Charlotte County, Inc. (collectively, the Organization) and have been prepared using the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. All significant intercompany account balances and transactions have been eliminated in consolidation.

Basis of Presentation

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

Net Assets without Donor Restrictions – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets with Donor Restrictions – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

(with summarized comparative information as of and for the year ended March 31, 2022)

Note 1 – Summary of Significant Accounting Policies (Continued)

Pledges Receivable

Annual United Way campaign contributions are generally available for unrestricted use unless restricted by the donor. Unconditional pledges are reflected as current contributions. The majority of pledges are received from Charlotte County business entities, employees of those businesses through payroll deduction plans and direct contributions by individuals. An allowance for uncollectible pledges is provided based on management's evaluation of potential uncollectible receivables at fiscal year end.

Donated Investments and Property and Equipment

Donated marketable securities and other non-cash donations are recorded as contributions at the estimated fair values at the date of donation.

Donated Services

The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments. The Organization received more than 4,210 and 3,951 volunteer hours during 2023 and 2022, respectively. For the years ended March 31, 2023 and 2022 the Organization recorded donated services of \$49,817 and \$32,540, respectively.

Cash Equivalents

The Organization considers all monies in banks and unrestricted highly liquid investments if any, with an initial maturity of three months or less to be cash equivalents.

Investments

The Organization reports investments in marketable securities with readily determinable fair values and all other investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

The Organization has adopted an investment policy to grow this fund so that the annual earnings will cover the annual operating expenses. The Organization's policies adhere to Florida's Uniform Management of Institutional Funds Act which has been updated to conform to a majority of the National Uniform Prudent Management of Institutional Funds Act of 2006.

Property and Equipment

Property and equipment are recorded at cost when purchased or at estimated fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

(with summarized comparative information as of and for the year ended March 31, 2022)

Note 1 – Summary of Significant Accounting Policies (Continued)

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to credit risk currently include cash, pledges receivables and various investments.

The Organization maintains its cash in accounts at financial institutions in Charlotte County, Florida. Accounts at each commercial banking institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. At various times during the year, the Organization’s balances in the accounts may exceed the federally insured limits; however, management does not believe it is exposed to any significant credit risk on cash and cash equivalents. At March 31, 2023 the Organization exceeded FDIC limits by \$521,171.

The United Way received an estimated 17.70% of its total campaign pledge revenue for the fiscal year ended March 31, 2023 from a major corporate contributor. Management believes this contributor will continue its support of United Way in the foreseeable future. However, reductions in amounts received from this contributor, or in pledge contribution revenue in general, could result in reductions of amounts available for agency collaborations.

Income Taxes

The United Way is a not-for-profit corporation and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It qualifies for the charitable contribution deduction under Section 170(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(3).

The Foundation is a not-for-profit corporation and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It qualifies for the charitable contributions deduction under Section 170(1)(A) and has been classified as a “Type 1” supporting organization under Section 509(a)(3).

The Organization adopted Accounting Standards Codification ASC 740-10, *Income Taxes* as it relates to uncertain tax positions, and has evaluated its tax positions taken for all open tax years. Currently the 2020, 2021 and 2022 tax years are open and subject to examination by the Internal Revenue Services. However, the Organization is not currently under audit nor has the Organization been contacted by any tax jurisdiction.

UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2023

(with summarized comparative information as of and for the year ended March 31, 2022)

Note 1 – Summary of Significant Accounting Policies (Continued)

Income Taxes (Cont.)

Based on an evaluation of the Organization's tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the years ended March 31, 2023 and 2022.

Presentation of Certain Prior Year Information

The consolidated financial statements include certain prior year summarized consolidated financial information for comparative purposes only. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended March 31, 2022 from which the summarized information was derived.

Note 2 – Cash and Cash Equivalents and Certificates of Deposit

Cash included the following at March 31, 2023 and 2022:

	2023	2022
Checking Accounts	\$ 771,171	\$ 364,945
Money Market Funds	888,369	392,450
	<u>\$1,659,540</u>	<u>\$ 757,395</u>

Note 3 – Pledges Receivable

Pledges receivable basically relate to the Organization's annual campaign. The allowance for uncollectible pledges is determined by management based primarily on historical collection experience. Pledges receivable and the allowance for uncollectible pledges at March 31, 2023 and 2022 are summarized as follows:

	Gross Pledges Receivable	Allowance for Uncollectible Pledges	Net Pledges Receivable
At March 31, 2023	\$ 180,249	\$ 3,000	\$ 177,249
At March 31, 2022	\$ 182,629	\$ 3,000	\$ 179,629

Note 4 – Foundation Endowment Fund

United Way of Charlotte County established an Endowment Fund in 2003. The United Way Board adopted goal was to grow this fund so that the annual earnings will cover the annual operating expenses.

On July 20, 2017, under an operating agreement between United Way and the Foundation, the Endowment Funds were transferred to the Foundation. The Endowment Funds will be invested and reinvested in accordance with the investment policies of the Foundation approved on April 10, 2018. The stated objective is to moderately grow capital and reasonably seek to preserve principal of the fund, as well as, the purchasing power of the fund's income and principal after inflation.

The Foundation Board of Directors voted on January 25, 2023 to dissolve the Foundation and consolidate all assets back into the United Way.

UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2023

(with summarized comparative information as of and for the year ended March 31, 2022)

Note 5 – Beneficial Interest Held in Trust

On January 12, 2023 the assets of the Foundation were transferred to the Gulf Coast Community Foundation to establish an Endowment Fund that is titled the “United Way of Charlotte County Endowment Fund.” The Fund shall be a component part of Gulf Coast. All money and property in the Fund shall be held as general assets of Gulf Coast and not segregated as trust property of a separate trust. The Beneficial Interest is reported at fair value in the Statement of Financial Position, with distributions and changes in fair value recognized in the Statement of Activities.

Note 6 – Property and Equipment

Property and equipment at March 31, 2023 is summarized as follows:

	Estimated Life (Years)	Cost or Basis	Accumulated Depreciation	Net Book Value
Office building	15	\$ 671,963	\$ (254,474)	\$ 417,489
Furniture & fixtures	5 – 7	20,651	(13,212)	7,439
Computer hardware	5	15,553	(14,782)	771
Computer software	3 – 5	6,189	(928)	5,261
Leasehold improvements	15	9,700	(9,700)	-0-
		<u>\$ 724,056</u>	<u>\$ (293,096)</u>	<u>\$ 430,960</u>

Property and equipment at March 31, 2022 is summarized as follows:

	Estimated Life (Years)	Cost or Basis	Accumulated Depreciation	Net Book Value
Office building	15	\$ 671,963	\$ (237,245)	\$ 434,718
Furniture & fixtures	5 – 7	22,052	(14,815)	7,237
Computer hardware	5	14,697	(14,697)	-0-
Computer software	3 – 5	3,800	(3,800)	-0-
Leasehold improvements	15	9,700	(9,700)	-0-
		<u>\$ 722,212</u>	<u>\$ (280,257)</u>	<u>\$ 441,955</u>

Depreciation of \$19,042 and \$17,611 for the fiscal years ended March 31, 2023 and 2022, respectively, was charged entirely to expense.

UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2023

(with summarized comparative information as of and for the year ended March 31, 2022)

Note 7 – Long Term Debt

On June 25, 2008, the Organization obtained a commercial mortgage related to its purchase of the office building in the Murdock Professional Center. This commercial mortgage is for \$510,000 and is secured by the building. The note is a 20 year mortgage at a fixed interest rate of 5.52%, with a monthly payment of \$3,635 including principal and interest.

Principal maturities of the mortgage payable during the next five years and thereafter are estimated as follows:

Year ended March 31, 2024	33,562
Year ended March 31, 2025	35,518
Year ended March 31, 2026	37,529
Year ended March 31, 2027	39,654
Year ended March 31, 2028	41,899
March 31, 2029 and thereafter	9,340
	<u>\$ 197,502</u>

Note 8 – Net Assets with Donor Restrictions

Net assets with donor restrictions at March 31, 2023 and 2022 include the following:

	2023	2022
Publix Assistance	\$ 18,484	\$ 17,101
Season of Sharing	27,551	59,579
Foundation	-0-	473,662
	<u>\$ 46,035</u>	<u>\$ 550,342</u>

Note 9 – Pension Plan

The Organization offers employees, who meet certain eligibility requirements, a pension arrangement. The Organization's contributions are based on 7% of an employee's salary. The Organization's pension expense for the fiscal years ended March 31, 2023 and 2022 was \$12,001 and \$8,787, respectively.

Note 10 – Commitments

One of the purposes of the Organization is to provide funding to eligible charities and community agencies for the benefit of Charlotte County citizens. The Organization's allocation committee reviews requests for such funding and recommends funding amounts to the Organization's board of directors. The approved funding to eligible charities and community agencies is generally paid on a monthly basis during the subsequent fiscal year. The accrued agency allocations of \$27,228 at March 31, 2023 were paid out during April and May, 2023. Accordingly, as of March 31, 2023, a liability of \$27,228 was recorded for the accrued agency collaborations committed, and not yet paid as of that date. The accrued agency collaborations of \$108,390 at March 31, 2022, were paid from April 2022 to March 2023.

In addition, agency allocations to be paid for the period beginning June 1, 2023 through September 30, 2024, which is a new 16 month funding cycle have been signed. These agency allocations of \$278,408 have not been accrued in the consolidated statement of financial position because the agreements were dated June 1, 2023.

UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2023

(with summarized comparative financial information as of and for the year ended March 31, 2022)

Note 10 – Commitments (Continued)

For the fiscal year ended March 31, 2023, the Organization received and was committed to allocate grant funds totaling \$27,500 from the City of Punta Gorda and \$764,000 from Charlotte County, to eligible charities and community agencies for the benefit of Charlotte County citizens. As of March 31, 2023, \$409,597 of this was paid out and the remaining \$381,903 is recorded as a grant payable at March 31, 2023. For the fiscal year ended March 31, 2022 the Organization received and was committed to allocate grant funds totaling \$27,500, from the City of Punta Gorda and \$764,000 from Charlotte County, to eligible charities and community agencies for the benefit of Charlotte County citizens. As of March 31, 2022, \$403,527 of this was paid out, and the remaining \$387,973 was recorded as a grant payable at March 31, 2022.

Note 11 – Statement of Cash Flows

The Organization did not participate in any non-cash investing and financing activities during the fiscal years ended March 31, 2023 and 2022 and no payments relating to income taxes were made during these fiscal years. During the fiscal years ended March 31, 2023 and 2022, payments made for interest expense totaled \$11,986 and \$13,720 respectively.

Note 12 – Fair Value Measurements

Financial Accounting Standards Codification (ASC) 820-10-50, *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 ASC 820-10-50 are described below:

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 included:

- 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 the fair value measurement

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

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at March 31, 2023.

UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2023

(with summarized comparative financial information as of and for the year ended March 31, 2022)

Note 12 – Fair Value Measurements (Continued)

Mutual Funds: Valued at the net asset value (“NAV”) of the shares held at year end.

Equity Securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Beneficial Interest Held in Trust: Valued at net asset value per unit as reported by the Community Foundation, as an estimate for measuring fair value. The Organization uses this estimation method because the units do not trade in the marketplace and the Community Foundation reports all its investment assets at fair value. Net assets value, determined by the Community Foundation quarterly, is the price at which the Organization can purchase or withdraw units from the Community Foundation.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while 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.

The following table sets forth by level, within the fair value hierarchy, the Organization’s financial instruments at fair value as of March 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Mutual Funds	-0-	-0-	-0-	-0-
Equity Securities	-0-	-0-	-0-	-0-
Beneficial Interest Held in Trust	<u>-0-</u>	<u>421,769</u>	<u>-0-</u>	<u>421,769</u>
Total Investments at Fair Value	<u>\$ -0-</u>	<u>\$ 421,769</u>	<u>\$ -0-</u>	<u>\$ 421,769</u>

The following table sets forth by level, within the fair value hierarchy, the Organization’s financial instruments at fair value as of March 31, 2022.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	\$ 221	\$ -0-	\$ -0-	\$ 221
Mutual Funds	378,347	-0-	-0-	378,347
Equity Securities	<u>95,094</u>	<u>-0-</u>	<u>-0-</u>	<u>95,094</u>
Total Investments at Fair Value	<u>\$ 473,662</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 473,662</u>

UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2023

(with summarized comparative financial information as of and for the year ended March 31, 2022)

Note 13 – Liquidity and Availability of Financial Assets

The Organization monitors its liquidity so that is it able to meet its operating needs and other commitments while maximizing the investment of its excess operating cash. The Organization has the following financial assets that could readily be made available within one year of the statement of financial position to fund expense without limitations.

Cash	\$1,659,540
Pledges receivable, Net	<u>177,249</u>
	1,836,789
Less:	
Net assets with donor restrictions	
Publix Assistance	(18,484)
Season of Sharing	<u>(27,551)</u>
Net Financial Assets	<u>\$1,790,754</u>

Note 14 – Subsequent Events

United Way of Charlotte County Inc. and Related Entity’s management has performed subsequent events procedures through August 7, 2023, which is the date the financial statements were available to be issued. There were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein.