

UNITED WAY OF MONTEREY COUNTY

Consolidated Financial Report

Years Ended June 30, 2025 and 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
United Way of Monterey County
Monterey, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of United Way of Monterey County (a nonprofit organization) (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024; the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Monterey County as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 issued or available to be issued.

Auditors' 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 auditors' 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 GAAS and *Government 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 GAAS 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 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2025, on our consideration of United Way of Monterey County'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 United Way of Monterey County'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 United Way of Monterey County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Hatcher and Bloodgood LLP". The signature is written in a cursive, flowing style.

October 23, 2025

UNITED WAY OF MONTEREY COUNTY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 2,561,331	\$ 172,122	\$ 2,733,453
Pledges receivable, less allowance of \$64,000	287,372	--	287,372
Grants and other receivables	365,477	--	365,477
Prepaid expenses	19,198	--	19,198
Total current assets	3,233,378	172,122	3,405,500
PROPERTY AND EQUIPMENT, at cost			
Land	1,549,100	--	1,549,100
Buildings and improvements	4,676,183	--	4,676,183
Furniture and equipment	436,348	--	436,348
	6,661,631	--	6,661,631
Less accumulated depreciation	509,160	--	509,160
Total property and equipment, net	6,152,471	--	6,152,471
OTHER ASSETS			
Beneficial interest in assets held by others	900,405	388,820	1,289,225
Total assets	\$ 10,286,254	\$ 560,942	\$ 10,847,196

The notes to financial statements are an integral part of this statement.

UNITED WAY OF MONTEREY COUNTY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 128,090	\$ --	\$ 128,090
Grants payable, current	200,000	--	200,000
Accrued expenses	112,548	--	112,548
Designated pledges payable	13,400	--	13,400
Deposits	26,887	--	26,887
Deferred revenue	63,980	--	63,980
Current portion of long-term debt	95,449	--	95,449
Total current liabilities	640,354	--	640,354
LONG-TERM LIABILITIES			
Long-term debt, less current portion	2,453,156	--	2,453,156
Total liabilities	3,093,510	--	3,093,510
NET ASSETS			
Without donor restrictions			
Undesignated	4,892,800	--	4,892,800
Board designated	2,299,944	--	2,299,944
With donor restrictions	--	560,942	560,942
Total net assets	7,192,744	560,942	7,753,686
Total liabilities and net assets	\$ 10,286,254	\$ 560,942	\$ 10,847,196

The notes to financial statements are an integral part of this statement.

UNITED WAY OF MONTEREY COUNTY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 2,590,413	\$ 291,067	\$ 2,881,480
Pledges receivable, less allowance of \$59,000	271,092	--	271,092
Grants and other receivables	264,964	--	264,964
Prepaid expenses	22,161	--	22,161
Total current assets	3,148,630	291,067	3,439,697
PROPERTY AND EQUIPMENT, at cost			
Land	1,549,100	--	1,549,100
Buildings and improvements	4,656,956	--	4,656,956
Furniture and equipment	277,391	--	277,391
	6,483,447	--	6,483,447
Less accumulated depreciation	352,254	--	352,254
	6,131,193	--	6,131,193
OTHER ASSETS			
Beneficial interest in assets held by others	808,239	354,086	1,162,325
Total assets	\$ 10,088,062	\$ 645,153	\$ 10,733,215

The notes to financial statements are an integral part of this statement.

UNITED WAY OF MONTEREY COUNTY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 97,943	\$ --	\$ 97,943
Grants payable, current	200,000	--	200,000
Accrued expenses	102,541	--	102,541
Designated pledges payable	12,256	--	12,256
Deposits	14,721	--	14,721
Deferred revenue	125,667	--	125,667
Current portion of long-term debt	92,363	--	92,363
Total current liabilities	645,491	--	645,491
LONG-TERM LIABILITIES			
Long-term debt, less current portion	2,551,895	--	2,551,895
Total liabilities	3,197,386	--	3,197,386
NET ASSETS			
Without donor restrictions			
Undesignated	4,429,919	--	4,429,919
Board designated	2,460,757	--	2,460,757
With donor restrictions	--	645,153	645,153
Total net assets	6,890,676	645,153	7,535,829
Total liabilities and net assets	\$ 10,088,062	\$ 645,153	\$ 10,733,215

The notes to financial statements are an integral part of this statement.

UNITED WAY OF MONTEREY COUNTY

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Support:			
Pledges, current campaign year	\$ 1,063,671	\$ --	\$ 1,063,671
Donor designations to other organizations	(74,579)	--	(74,579)
Provision for uncollectible pledges	(41,616)	--	(41,616)
Net pledges, current campaign year	947,476	--	947,476
Program grants and contractual agreements	1,791,786	199,675	1,991,461
In-kind contributions	50,142	--	50,142
Other support	282,403	--	282,403
Total support	3,071,807	199,675	3,271,482
Revenue:			
Investment income, net	245,955	42,462	288,417
Administrative fees	5,801	--	5,801
Rental income	377,833	--	377,833
Employee Retention Credit	286,931	--	286,931
Miscellaneous income	150	--	150
Net assets released from restrictions	326,348	(326,348)	--
Total revenue	1,243,018	(283,886)	959,132
Total support and revenue	4,314,825	(84,211)	4,230,614
EXPENSES			
Program services:			
Community investments and designations	469,966	--	469,966
Amounts designated by donors	(74,579)	--	(74,579)
Community services	2,144,614	--	2,144,614
Impact center	294,993	--	294,993
Support services:			
Management and general	690,380	--	690,380
Fundraising	487,383	--	487,383
Total expenses	4,012,757	--	4,012,757
Increase (decrease) in net assets	302,068	(84,211)	217,857
Net Assets, beginning	6,890,676	645,153	7,535,829
Net Assets, ending	\$ 7,192,744	\$ 560,942	\$ 7,753,686

The notes to financial statements are an integral part of this statement.

UNITED WAY OF MONTEREY COUNTY

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Support:			
Pledges, current campaign year	\$ 919,112	\$ 100,145	\$ 1,019,257
Donor designations to other organizations	(79,283)	--	(79,283)
Provision for uncollectible pledges	76,971	--	76,971
Net pledges, current campaign year	916,800	100,145	1,016,945
Program grants and contractual agreements	3,744,668	150,000	3,894,668
In-kind contributions	28,397	--	28,397
Other support	390,535	--	390,535
Total support	5,080,400	250,145	5,330,545
Revenue:			
Investment income, net	140,776	34,512	175,288
Administrative fees	5,801	--	5,801
Rental income	581,572	--	581,572
Miscellaneous income	10,561	--	10,561
Net assets released from restrictions	228,179	(228,179)	--
Total revenue	966,889	(193,667)	773,222
Total support and revenue	6,047,289	56,478	6,103,767
EXPENSES			
Program services:			
Community investments and designations	2,601,164	--	2,601,164
Amounts designated by donors	(79,283)	--	(79,283)
Community services	1,991,568	--	1,991,568
Impact center	290,632	--	290,632
Support services:			
Management and general	664,584	--	664,584
Fundraising	557,051	--	557,051
Total expenses	6,025,716	--	6,025,716
Increase in net assets	21,573	56,478	78,051
Net Assets, beginning	6,869,103	588,675	7,457,778
Net Assets, ending	\$ 6,890,676	\$ 645,153	\$ 7,535,829

The notes to financial statements are an integral part of this statement.

UNITED WAY OF MONTEREY COUNTY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2025

	Program Services				Support Services			Total
	Community Investments and Designations	Community Services	Impact Center	Total Program Services	Management and General	Fundraising	Total Support Services	
EXPENSES								
Community investments and designations	\$ 469,966	\$ --	\$ --	\$ 469,966	\$ --	\$ --	\$ --	\$ 469,966
Amounts designated by donors	(74,579)	--	--	(74,579)	--	--	--	(74,579)
Net community investments	395,387	--	--	395,387	--	--	--	395,387
Salaries and wages	--	1,016,712	--	1,016,712	420,043	336,854	756,897	1,773,609
Payroll taxes and benefits	--	234,723	--	234,723	96,973	77,768	174,741	409,464
Professional and other fees	--	505,196	24,414	529,610	54,027	21,898	75,925	605,535
Occupancy expenses	--	28,225	70,576	98,801	19,080	3,997	23,077	121,878
Office expense	--	85,989	2,416	88,405	25,302	11,133	36,435	124,840
Conferences, travel and training	--	59,166	448	59,614	26,034	15,049	41,083	100,697
Program and campaign materials, services and supplies	--	111,370	947	112,317	1,803	6,265	8,068	120,385
Advertising and in-kind media donations	--	20,326	80	20,406	2,971	1,712	4,683	25,089
Special events	--	4,894	84	4,978	906	670	1,576	6,554
Insurance	--	10,896	6,245	17,141	6,492	1,612	8,104	25,245
Depreciation	--	31,627	101,734	133,361	18,732	4,813	23,545	156,906
Miscellaneous	--	5,109	8,085	13,194	1,012	--	1,012	14,206
Interest	--	10,888	64,778	75,666	8,106	--	8,106	83,772
Unrelated business income taxes	--	2,553	15,186	17,739	1,900	--	1,900	19,639
United Way Worldwide membership dues	--	16,940	--	16,940	6,999	5,612	12,611	29,551
	<u>\$ 395,387</u>	<u>\$ 2,144,614</u>	<u>\$ 294,993</u>	<u>\$ 2,834,994</u>	<u>\$ 690,380</u>	<u>\$ 487,383</u>	<u>\$ 1,177,763</u>	<u>\$ 4,012,757</u>

The notes to financial statements are an integral part of this statement.

UNITED WAY OF MONTEREY COUNTY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2024

	Program Services				Support Services			Total
	Community Investments and Designations	Community Services	Impact Center	Total Program Services	Management and General	Fundraising	Total Support Services	
EXPENSES								
Community investments and designations	\$ 2,601,164	\$ --	\$ --	\$ 2,601,164	\$ --	\$ --	\$ --	\$ 2,601,164
Amounts designated by donors	(79,283)	--	--	(79,283)	--	--	--	(79,283)
Net community investments	2,521,881	--	--	2,521,881	--	--	--	2,521,881
Salaries and wages	--	974,076	--	974,076	368,737	386,725	755,462	1,729,538
Payroll taxes and benefits	--	223,828	--	223,828	84,730	88,864	173,594	397,422
Professional and other fees	--	484,903	28,700	513,603	107,248	28,872	136,120	649,723
Occupancy expenses	--	24,427	72,930	97,357	17,019	3,765	20,784	118,141
Office expense	--	61,836	1,814	63,650	20,752	13,062	33,814	97,464
Conferences, travel and training	--	31,260	309	31,569	16,436	4,272	20,708	52,277
Program and campaign materials, services and supplies	--	96,707	229	96,936	8,806	4,226	13,032	109,968
Advertising and in-kind media donations	--	18,713	--	18,713	659	12,000	12,659	31,372
Special events	--	2,699	60	2,759	2,865	421	3,286	6,045
Insurance	--	9,413	6,356	15,769	2,701	2,004	4,705	20,474
Depreciation	--	27,618	97,423	125,041	16,650	4,770	21,420	146,461
Miscellaneous	--	4,026	9,529	13,555	1,184	--	1,184	14,739
Interest	--	11,207	69,973	81,180	8,692	--	8,692	89,872
Unrelated business income taxes	--	530	3,309	3,839	411	--	411	4,250
United Way Worldwide membership dues	--	20,325	--	20,325	7,694	8,070	15,764	36,089
	<u>\$ 2,521,881</u>	<u>\$ 1,991,568</u>	<u>\$ 290,632</u>	<u>\$ 4,804,081</u>	<u>\$ 664,584</u>	<u>\$ 557,051</u>	<u>\$ 1,221,635</u>	<u>\$ 6,025,716</u>

The notes to financial statements are an integral part of this statement.

UNITED WAY OF MONTEREY COUNTY

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended June 30, 2025 and 2024

	2025	2024
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 217,857	\$ 78,051
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	156,906	146,461
Change in beneficial interest in assets held by others	(118,100)	(89,541)
Increase (decrease) in provision for uncollectible pledges	41,616	(76,971)
Amortization of loan fees	868	867
(Increase) decrease in:		
Pledges receivable	(57,896)	189,882
Grants and other receivables	(100,513)	1,140,017
Prepaid expenses	2,963	15,034
Increase (decrease) in:		
Accounts payable	130,147	6,923
Grants payable	(100,000)	(924,704)
Accrued expenses	10,007	(4,578)
Designated pledges payable	1,144	(231)
Deposits	12,166	--
Deferred revenue	(61,687)	73,322
Refundable advance	--	(316,478)
Net cash provided by operating activities	<u>135,478</u>	<u>238,054</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid to purchase property and equipment	(178,184)	(90,171)
Purchase of beneficial interest in assets held by others	(8,800)	(20,300)
Net cash used by investing activities	<u>(186,984)</u>	<u>(110,471)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	(96,521)	(279,116)
Net decrease in cash and cash equivalents	(148,027)	(151,533)
Cash and Cash Equivalents, beginning	2,881,480	3,033,013
Cash and Cash Equivalents, ending	<u>\$ 2,733,453</u>	<u>\$ 2,881,480</u>
SUPPLEMENTAL DISCLOSURES		
Interest paid	<u>\$ 82,904</u>	<u>\$ 89,005</u>

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

UNITED WAY OF MONTEREY COUNTY

Notes to Consolidated Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business: United Way of Monterey County (the “Organization”) is an independent, locally managed nonprofit organization incorporated under the laws of the State of California. As a voluntary health and welfare organization, the Organization develops and allocates resources, conducts an assessment of health and human care needs of Monterey County, allocates funds to agencies to meet those needs, and facilitates the distribution of donor directed contributions. The Organization also brings experts together to develop collaborative approaches in addressing human care issues. The Organization is the operator of 211 Monterey County, an easy-to-use source of information and referrals that connects people to the services they need.

The Community Impact Center is a 31,000 square foot property in downtown Salinas. Title is held by 232 Monterey Street, LLC, which is wholly owned by the Organization. The Center houses the Organization’s administrative offices, other mission aligned nonprofits, and provides space for partners to host meetings and trainings. It also serves as an incubator for innovative solutions to the community’s greatest needs.

Accounting Policies: The accounting policy relative to the carrying value of property and equipment is indicated in a caption on the statement of financial position. Other significant accounting policies are:

Basis of Presentation: The financial statements are prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The Organization reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions may be perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. Contributions received with donor restrictions that are met in the same reporting period are reported as increases in net assets without donor restrictions.

Use of Estimates: Preparing the Organization’s financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

UNITED WAY OF MONTEREY COUNTY

Notes to Consolidated Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of consolidation: The financial statements consolidate the statement of 232 Monterey Street, LLC, which is wholly owned by the Organization. The single member LLC was formed to hold title to the Community Impact Center. All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents: For purposes of the statements of cash flows, the Organization considers as cash equivalents all highly liquid investments, which include money market funds and certificates of deposit with maturities ranging from three to twelve months and penalties for early withdrawal. Penalties for early withdrawal would not have a material effect on the financial statements.

Expense Allocation: Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services on the basis of management estimates. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. The expenses allocated include professional and other fees, office expenses and United Way Worldwide membership dues, which are allocated on the basis of time and effort studies.

Community Investments: Community investments represent funds disbursed to community impact partners to carry out the Organization's mission of financial stability for families in Monterey County. Awards to community impact partners are recognized in the period the award is unconditionally committed.

Income Taxes: The Organization is a nonprofit corporation that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue code and from state franchise tax under Revenue and Taxation Code Section 23701(d). However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income.

The Financial Accounting Standards Board (FASB) issued guidance that clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely than not the positions will be sustained upon examination by the tax authorities. As of June 30, 2025, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Property and Equipment: The Organization capitalizes all expenditures for property and equipment in excess of \$1,000. All property and equipment is stated at cost, or if donated, at estimated fair value on the date of donation. Major improvements are charged to the property accounts, while maintenance and repairs, which do not extend the life of the respective assets, are expensed. When property is retired or otherwise disposed, the cost of the property and the related accumulated depreciation are removed from the accounts, and any resulting gains or losses are reflected in income.

UNITED WAY OF MONTEREY COUNTY

Notes to Consolidated Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation: Depreciation is provided using the straight-line method over the estimated useful lives of the assets, generally 3 to 7 years for furniture and equipment and 39 years for property.

Recognition of Pledges From Fundraising Campaigns and Designations: The Organization conducts fundraising campaigns in Monterey County for program support and for participating health and human care agencies. For the year ended June 30, 2025, the campaign year ran from June 1, 2024, to May 31, 2025. For the year ended June 30, 2024, the campaign year ran from June 1, 2023, to May 31, 2024. Public support, including unconditional promises to give, is recorded at the fair value of the pledge in the year it is received or pledged.

Contributions designated by the donor to nonprofit organizations other than the Organization are included in current year campaign pledges. The Organization serves as the primary fiscal agent with the solicitation and distribution of such pledges. Donor designations and the provision for uncollectible pledges are deducted from the total campaign results to arrive at net campaign support.

Revenue Recognition: All unconditional contributions, program grants and contractual agreements are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as donor restricted support that increases that net asset class. However, if a restriction is fulfilled in the same time period in which the support is received, the Organization reports the support as unrestricted. Conditional contributions, grants and contractual agreements are recorded when the conditions on which they depend are substantially met.

Rental income is recognized as rents become due, generally on the first of the month. The lease between the Organization and the tenants of the rental spaces are operating leases.

Other Support: The Organization receives other public support outside the conduct of the annual fundraising campaigns. Certain ceremonial, celebratory and special recognition events at the Organization are underwritten by sponsorship, or the costs are offset by contributions for the specific event. Generally, the donating companies agree that their contributions may also be used for other costs related to similar programs of the Organization.

Deferred Revenue: The Organization receives amounts in advance for program grants and contractual agreements and facility rentals. As of June 30, 2025, deferred revenue includes \$40,706 related to program grants and contractual agreements for services to be provided in the subsequent fiscal year and \$23,274 related to rental income for facility use in future periods. As of June 30, 2024, deferred revenue includes \$125,667 related to program grants and contractual agreements for services to be provided in the subsequent fiscal year. These amounts are recorded as liabilities until the contractual conditions are met, or the rental periods occur.

UNITED WAY OF MONTEREY COUNTY

Notes to Consolidated Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Volunteer Services: A substantial number of volunteers donate significant amounts of time to the Organization's fundraising campaign and administrative oversight. Such services are not reflected in the financial statements since they do not create or enhance non-financial assets or require specialized skills that would typically be purchased.

Advertising: Advertising costs are expensed as incurred, and totaled \$25,089 (\$17,700 in-kind) and \$31,372 (\$14,522 in-kind) for the years ended June 30, 2025 and 2024, respectively.

Reclassifications: Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE 2. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets as of June 30, 2025 and 2024, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

	2025	2024
Financial assets at year end:		
Cash and cash equivalents	\$ 2,733,453	\$ 2,881,480
Pledges receivable, net	287,372	271,092
Grants and accounts receivable	365,477	264,964
Beneficial interest in assets held by others	1,289,225	1,162,325
Total financial assets	4,675,527	4,579,861
Less amounts not available to be used within one year:		
Board designated funds	2,299,944	2,460,757
Restricted by donors for use in future periods	361,209	445,420
Portion of donor-restricted endowment to be retained in perpetuity	199,733	199,733
Financial assets not available to be used within one year	2,860,886	3,105,910
Financial assets available to meet general expenditures within one year	\$ 1,814,641	\$ 1,473,951

UNITED WAY OF MONTEREY COUNTY

Notes to Consolidated Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 2. LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

The Organization strives to maintain a target minimum operating reserve fund equal to six months of average recurring operating costs. As of June 30, 2025, the operating reserve balance of \$1,902,569 was recognized in the financial statements as part of board designated funds. Operating reserve funds are held in cash and cash equivalents. The Board of Directors has also designated that 10% of all undesignated bequests received will be invested in a long-term investment fund until the Board of Directors authorizes use for a particular purpose.

NOTE 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following as of June 30:

	2025	2024
Cash	\$ 534,875	\$ 666,881
Certificates of deposit	1,309,366	1,091,327
Money market	889,212	1,123,272
	<u>\$ 2,733,453</u>	<u>\$ 2,881,480</u>

NOTE 4. CONCENTRATIONS

For the year ended June 30, 2025, approximately 29% of the Organization's pledges came from two corporations (including corporate employee pledges), each making up 13% and 16%, respectively. For the year ended June 30, 2024, approximately 33% of the Organization's pledges came from two corporations (including corporate employee pledges), each making up 16% and 17%, respectively.

For the year ended June 30, 2025, support from California Volunteers grant for the Monterey County Preschool Service Corps program accounted for 11% of the total support for the Organization. For the year ended June 30, 2024, support from the Monterey County Emergency Rental and Utility Assistance contract agreement accounted for 46% of the total support to the Organization.

NOTE 5. CONCENTRATION OF CREDIT RISK

The Organization maintains balances in cash and interest-bearing deposit accounts at various financial institutions and, from time to time during the year, the cash balances may be in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC). In the event of insolvency by the financial institution, deposits in excess of insured amounts are potentially subject to unrecoverable loss. Uninsured balances at June 30, 2025 totaled approximately \$331,000.

UNITED WAY OF MONTEREY COUNTY

Notes to Consolidated Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 6. PLEDGES RECEIVABLE

Pledges receivable consisted of the following as of June 30:

	2025	2024
Pledges receivable, due within one year	\$ 351,372	\$ 330,092
Allowance for uncollectible accounts	(64,000)	(59,000)
Net pledges receivable	<u>\$ 287,372</u>	<u>\$ 271,092</u>

The provision for uncollectible pledges is made on campaign contributions (total amount raised) and is based primarily on recent historical experience as well as other factors anticipated by management to affect collections.

NOTE 7. GRANTS AND OTHER RECEIVABLES

Grants and other receivables include Monterey County ("County"), private and foundation grants and miscellaneous receivables. County grants receivable arise from grant contracts entered into with the County. Grant income is billed to the County in relation to services performed by the Organization.

Grants and other receivables consisted of the following as of June 30:

	2025	2024
Monterey County grants	\$ 80,899	\$ 83,364
California Volunteers	75,193	161,649
Sterling Property Management	42,966	14,312
Sierra Health Foundation	51,530	--
Kings United Way	7,500	--
Hospital Council - Northern and Central California	750	--
Interface Children and Family Services	1,973	1,973
Internal Revenue Service	65,000	--
United Ways of California	39,666	3,666
	<u>\$ 365,477</u>	<u>\$ 264,964</u>

Due to the collection history and the Organization's experience with various County grants and miscellaneous receivables, no allowance for doubtful accounts was considered necessary for other receivables as management believes all amounts receivable are fully collectible.

UNITED WAY OF MONTEREY COUNTY

Notes to Consolidated Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 8. FAIR VALUE MEASUREMENTS

The Fair Value Measurements Topic of the FASB Accounting Standards Codification establishes 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 are briefly described below:

- Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2: Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.
- Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and are unobservable.

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 measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value:

- Interest in assets held at Community Foundation for Monterey County (the "Foundation"): Funds are invested for long-term growth, both in equities and fixed income investments, which are valued at the net asset value of shares held by the Foundation at year end.

The preceding method 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 method is 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 assets at fair value at June 30, 2025:

	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by others	\$ --	\$ --	\$ 1,289,225	\$ 1,289,225

UNITED WAY OF MONTEREY COUNTY

Notes to Consolidated Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 8. FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value at June 30, 2024:

	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by others	\$ --	\$ --	\$ 1,162,325	\$ 1,162,325

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30:

	2025	2024
Beginning balance	\$ 1,162,325	\$ 1,052,484
Contributions	8,800	20,300
Investment income	134,932	105,108
Grants	(3,686)	(3,768)
Administration fees	(13,146)	(11,799)
Ending balance	\$ 1,289,225	\$ 1,162,325

NOTE 9. BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Community Foundation for Monterey County (the "Foundation") holds funds for the Organization. Funds are composed of the following as of June 30:

	2025	2024
General Endowment	\$ 94,662	\$ 88,879
Stewardship Fund	335,023	302,049
Stewardship Fund II	276,238	253,765
Stewardship Fund III	583,302	517,632
	\$ 1,289,225	\$ 1,162,325

General Endowment: In 1987, the Organization established a Restricted and Organized Purpose Fund (the "Agreement") at the Foundation with an initial contribution of \$33,175. All contributions made to the fund are irrevocable. Under the terms of the Agreement, the Foundation may substitute another beneficiary in place of the Organization at the discretion of the Foundation's Board of Directors. Earnings, net of administrative fees, are distributed to the Organization on an annual basis and in accordance with the Foundation's policy on the distribution of earnings.

UNITED WAY OF MONTEREY COUNTY

Notes to Consolidated Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 9. BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS (Continued)

Stewardship Funds: In 2012, 2016 and 2018, the Organization established a Stewardship Fund, Stewardship Fund II and Stewardship Fund III, respectively, with the Foundation, for the benefit of the Organization. The Organization granted variance power to the Foundation; thus, the Foundation has full authority and discretion as to the investment and reinvestment of the assets.

In the event of the dissolution of the Organization or in the event it shall no longer be an organization described in Section 170 (c) of the Internal Revenue Code of 1954, as amended, the Foundation shall continue to hold the funds and shall distribute the income to organizations as in the opinion of the Foundation most nearly serve the purposes and objectives of the Organization. All monies held in the funds are subject to the power of the Foundation to modify any restrictions or conditions on the distribution of monies for any specified charitable purposes or to specified organizations, if in their sole judgment such restriction becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the area served by the Foundation.

The earnings payout of the funds is evaluated at least annually by the Foundation, in light of total return from investments, fees, expenses, and the effects of inflation, and for the General Endowment, the annual payout is typically 5% of the fair market value of the funds at December 31 of the preceding calendar year. For the years ended June 30, 2025 and 2024, there was no payout of earnings from the stewardship funds.

NOTE 10. BOARD DESIGNATED NET ASSETS

Board designated net assets consists of the following as of June 30:

	2025	2024
Operating reserve fund	\$ 1,902,569	\$ 2,073,185
Long-term investment fund	397,375	387,572
	<u>\$ 2,299,944</u>	<u>\$ 2,460,757</u>

UNITED WAY OF MONTEREY COUNTY

Notes to Consolidated Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 11. NET ASSETS WITH DONOR RESTRICTIONS

For the years ended June 30, 2025 and 2024, activity in net assets with donor restrictions were as follows:

	Beginning June 30, 2024	Additions	Satisfied	Ending June 30, 2025
Financial Education Workshops	\$ 14,896	\$ 72,175	\$ 72,175	\$ 14,896
Stuff the Bus	10,866	5,000	10,737	5,129
Mural	5,000	7,500	12,500	--
Bright Futures	75,000	--	75,000	--
HGR Foundation	--	15,000	13,961	1,039
Smart Referral Network	--	50,000	37,500	12,500
Monterey Peninsula Preschool				
Service Corp	185,305	50,000	96,747	138,558
Endowment earnings	154,353	42,462	7,728	189,087
Endowment principal	199,733	--	--	199,733
	<u>\$ 645,153</u>	<u>\$ 242,137</u>	<u>\$ 326,348</u>	<u>\$ 560,942</u>

	Beginning June 30, 2023	Additions	Satisfied	Ending June 30, 2024
211	\$ 40,000	\$ --	\$ 40,000	\$ --
Impact Monterey County	52,382	--	52,382	--
Financial Education Workshops	--	35,000	20,104	14,896
Stuff the Bus	--	15,000	4,134	10,866
Mural	--	5,000	--	5,000
Bright Futures	75,000	--	--	75,000
Monterey Peninsula Preschool				
Service Corp	94,240	195,145	104,080	185,305
Endowment earnings	127,320	34,512	7,479	154,353
Endowment principal	199,733	--	--	199,733
	<u>\$ 588,675</u>	<u>\$ 284,657</u>	<u>\$ 228,179</u>	<u>\$ 645,153</u>

UNITED WAY OF MONTEREY COUNTY

Notes to Consolidated Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 12. ENDOWMENT DISCLOSURE

The Organization has two donor restricted endowments in which the principal is invested in perpetuity and the income is available to support and provide community resources. Total endowments included in net assets with donor restrictions were \$199,733 for each of the years ended June 30, 2025 and 2024.

In 1987, the Organization established the Restricted and Organized Purpose Fund at the Community Foundation for Monterey County with an initial contribution of \$33,175. Additionally, in 1990, the General Endowment Fund was established at Morgan Stanley Dean Witter with an initial contribution of \$166,558. Since that time, these endowment funds have been transferred to the Community Foundation Stewardship Fund.

Interpretation of Relevant Law: The Board of Directors of the Organization has interpreted the California Prudent Management of Institutional Funds Act (CPMIFA) 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, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with CPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

Investment Return Objectives, Risk Parameters and Strategies: The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Endowment assets are invested in a well-diversified asset mix, which includes equity and fixed income securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

UNITED WAY OF MONTEREY COUNTY

Notes to Consolidated Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 12. ENDOWMENT DISCLOSURE (Continued)

Spending Policy: Each year, the entire earnings of each fund shall be distributed according to written criteria and no earnings are provided to increase principal. The Board of Directors periodically reviews this policy for changes. From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Board of Directors of the Organization has interpreted CPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

During the year ended June 30, 2025, endowment net asset activity was as follows:

Beginning balance	\$ 354,086
Interest and dividend income	12,584
Realized and unrealized gains	29,879
Grants	(3,686)
Fees	<u>(4,043)</u>
Ending balance	<u>\$ 388,820</u>

During the year ended June 30, 2024, endowment net asset activity was as follows:

Beginning balance	\$ 327,053
Interest and dividend income	10,585
Realized and unrealized gains	23,927
Grants	(3,768)
Fees	<u>(3,711)</u>
Ending balance	<u>\$ 354,086</u>

UNITED WAY OF MONTEREY COUNTY

Notes to Consolidated Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 13. COMMUNITY INVESTMENTS AND DESIGNATIONS

The Organization's various fundraising campaigns, contracts and activities resulted in the following distributions to community investment agencies and other benefiting organizations:

	2025	2024
Community investments related to the Emergency Rental Assistance Program	\$ --	\$ 2,319,698
Community investments and designations determined by the Board of Directors	395,387	202,183
Designations directed by donor	74,579	79,283
	<u>\$ 469,966</u>	<u>\$ 2,601,164</u>

NOTE 14. PENSION PLANS

The Organization provides an ERISA 403(b) plan covering all employees. Employees are eligible to participate after having worked at least 1,000 hours over a 12 month period. The Organization contributes a non-elective amount of 3% of gross wages for all eligible employees and matches up to 3% of employee contributions. During the years ended June 30, 2025 and 2024, the Organization contributed \$76,992 and \$76,768 to the plan, respectively.

NOTE 15. IN-KIND CONTRIBUTIONS

The Organization received the following in-kind contributions for the years ended June 30:

	2025	2024
Advertising services	\$ 17,700	\$ 14,522
Program supplies and materials	5,181	4,770
Event venue	27,261	9,105
	<u>\$ 50,142</u>	<u>\$ 28,397</u>

The Organization receives donated advertisement from local print, radio and television companies. The value is based on market rates provided by the companies for the fiscal year. Professional fees were valued using the standard rates provided by the company of the donated services. Fixed assets, event venue and program supplies and materials were all valued at the estimated price for similar items.

UNITED WAY OF MONTEREY COUNTY

Notes to Consolidated Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 16. LESSOR

The Organization leases office space to third parties. The space rents are operating lease agreements with various lease terms through July 2031. Lease income is included in the consolidated statement of activities as rental income. Cash receipts from operating leases are classified within the cash flows from operating activities.

The following is an analysis of the maturity of undiscounted operating lease payments to be received by the Organization:

2026	301,393
2027	294,500
2028	178,244
2029	181,814
2030	185,456
Thereafter	<u>173,690</u>
	<u><u>\$ 1,315,097</u></u>

NOTE 17. LONG-TERM DEBT

Long-term debt and the related current portion as of June 30, 2025 consist of the following:

Santa Cruz County Bank	\$ 2,288,945
Community Foundation for Monterey County	<u>265,730</u>
	2,554,675
Less current portion	95,449
Less unamortized debt issuance costs	<u>6,070</u>
Long-term debt less unamortized debt issuance costs	<u><u>\$ 2,453,156</u></u>

In June 2022, the Organization secured a loan from the Community Foundation for Monterey County to purchase real property at 247 Main Street/236 Monterey Street, Salinas, California (the "Central Building"). The loan principal is \$1,000,000 with an interest rate of 3.5% and a maturity date of June 27, 2027. The loan calls for annual interest and principal payments of \$30,037 with a final balloon payment due at the end of the loan term.

In June 2022, the Organization secured a \$2,500,000 loan from 1st Capital Bank, which subsequently merged with Santa Cruz County Bank. The proceeds were used to purchase the Central Building. The loan, which bears an interest rate of 3%, provides for monthly principal and interest payments for 10 years with the final payment due June 2032.

UNITED WAY OF MONTEREY COUNTY

Notes to Consolidated Financial Statements
Years Ended June 30, 2025 and 2024

NOTE 17. LONG-TERM DEBT (Continued)

Maturities of long-term debt for each of the succeeding years are as follows:

2026	\$ 95,449
2027	321,327
2028	78,860
2029	81,467
2030	83,980
Thereafter	<u>1,893,592</u>
	<u>\$ 2,554,675</u>

As of June 30, 2025, unamortized loan fees totaled \$6,070 and are shown as a reduction in the loan payable balance as required by generally accepted accounting principles.

NOTE 18. DEFERRED REVENUE

NOTE 19. EMPLOYEE RETENTION CREDIT

The Organization applied for the refundable Employee Retention Credit (ERC) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, related to qualified wages paid in 2020 and 2021. The ERC was claimed against the employer portion of Social Security taxes. As of June 30, 2025, the Organization recognized revenue totaling \$363,004, which included \$76,073 attributable to interest income. This amount reflects the full ERC and related interest expected to be received as of the reporting date. Management believes the Organization has complied with all eligibility requirements for the ERC.

NOTE 20. SUBSEQUENT EVENTS

Management has evaluated its June 30, 2025 and 2024 consolidated financial statements for subsequent events through October 23, 2025, the date of issuance of the financial statements. The Organization is not aware of any subsequent events that would require recognition or disclosure in the financial statements.