

Consolidated Financial Statements and  
Report of Independent Certified Public  
Accountants

**United Way of Metropolitan Dallas, Inc. and  
United Way Foundation of Metropolitan Dallas**

June 30, 2023 and 2022

**Contents**

	Page
Report of Independent Certified Public Accountants	3
Consolidated Financial Statements	
Consolidated statements of financial position	6
Consolidated statements of activities	7
Consolidated statements of functional expenses	9
Consolidated statements of cash flows	11
Notes to consolidated financial statements	12
Supplementary Information	
Consolidating statement of financial position	29
Consolidating statement of activities	30

---

**GRANT THORNTON LLP**

500 North Akard Street, Suite 1200  
Dallas, TX 75201

**D** +1 214 561 2300

**F** +1 214 561 2370

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Directors  
United Way of Metropolitan Dallas, Inc. and  
United Way Foundation of Metropolitan Dallas

**Opinion**

We have audited the consolidated financial statements of United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas (collectively “United Way”), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expense, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of United Way as of June 30, 2023 and 2022, 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 of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). 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 United Way and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way’s ability to continue as a going concern for one year after the date 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 consolidated 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 US GAAS 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 consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way's ability to continue as a going concern for a reasonable period of time.

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

**Supplementary information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statement of financial position and consolidating statement of activities as of and for the year ended June 30, 2023 are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records

used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with US GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

*Grant Thornton LLP*

Dallas, Texas  
January 29, 2024

**United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**June 30,**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,266,172	\$ 5,304,767
Pledges receivable, net		
Campaign pledges receivable, net	10,457,895	5,584,246
Other pledges receivable, net	<u>20,927,990</u>	<u>11,504,124</u>
Total pledges receivable, net	31,385,885	17,088,370
Prepaid expenses and accounts receivable	274,374	1,451,998
Investments, at fair value	62,146,087	54,110,011
Custodian asset	465,500	465,500
Beneficial interests held in trusts	12,449,016	10,790,607
Land, building and equipment, net	4,496,477	4,169,267
Note receivable	-	406,531
Other assets	<u>2,255,379</u>	<u>1,787,927</u>
Total assets	<u>\$ 117,738,890</u>	<u>\$ 95,574,978</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 3,061,249	\$ 3,942,811
Grants and allocations payable	7,500,000	5,000,000
Custodian liability	465,500	465,500
Donor designations payable	<u>1,095,228</u>	<u>1,528,083</u>
Total liabilities	12,121,977	10,936,394
<b>Net assets</b>		
Without donor restriction	40,974,375	38,793,224
With donor restriction	<u>64,642,538</u>	<u>45,845,360</u>
Total net assets	<u>105,616,913</u>	<u>84,638,584</u>
Total liabilities and net assets	<u>\$ 117,738,890</u>	<u>\$ 95,574,978</u>

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

**United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**Year ended June 30, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Public support and revenue</b>			
Gross campaign results	\$ 12,751,997	\$ 6,984,091	\$ 19,736,088
Less donor designations	-	(3,938,230)	(3,938,230)
Less provision for uncollectible pledges	-	(1,032,999)	(1,032,999)
	<hr/>	<hr/>	<hr/>
Net campaign contributions	12,751,997	2,012,862	14,764,859
Designations contributed from other campaigns	20,588	53,396	73,984
Other contributions	3,349,376	32,787,440	36,136,816
Contributed goods and services	727,745	-	727,745
Grant revenue	-	12,242,693	12,242,693
Program service fees	474,340	-	474,340
Interest and dividends	789,294	531,140	1,320,434
Net realized and unrealized loss on investments	2,981,949	2,512,560	5,494,509
Change in value of beneficial interests held in trusts	-	1,658,409	1,658,409
Other income (loss)	890,087	(350,000)	540,087
Net assets released for satisfaction of time restrictions	15,269,658	(15,269,658)	-
Net assets released for satisfaction of purpose restrictions	17,381,664	(17,381,664)	-
	<hr/>	<hr/>	<hr/>
Total public support and revenue	54,636,698	18,797,178	73,433,876
<b>Grants and expenses</b>			
Program services			
Gross distributions to agencies	35,946,562	-	35,946,562
Less: donor designations to agencies	(2,905,821)	-	(2,905,821)
	<hr/>	<hr/>	<hr/>
Net allocations granted to agency programs	33,040,741	-	33,040,741
Other program expenses	10,847,789	-	10,847,789
	<hr/>	<hr/>	<hr/>
Total program services	43,888,530	-	43,888,530
<b>Supporting services</b>			
Fundraising	5,594,324	-	5,594,324
Management and general	2,972,693	-	2,972,693
	<hr/>	<hr/>	<hr/>
Total supporting services	8,567,017	-	8,567,017
Total expenses	52,455,547	-	52,455,547
	<hr/>	<hr/>	<hr/>
<b>CHANGE IN NET ASSETS</b>	2,181,151	18,797,178	20,978,329
<b>Net assets, beginning of year</b>	38,793,224	45,845,360	84,638,584
	<hr/>	<hr/>	<hr/>
<b>Net assets, end of year</b>	\$ 40,974,375	\$ 64,642,538	\$ 105,616,913
	<hr/>	<hr/>	<hr/>

The accompanying notes are an integral part of this consolidated financial statement.

**United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**Year ended June 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Public support and revenue</b>			
Gross campaign results	\$ 7,172,204	\$ 14,939,624	\$ 22,111,828
Less donor designations	-	(5,682,964)	(5,682,964)
Less provision for uncollectible pledges	-	(1,365,810)	(1,365,810)
	<hr/>	<hr/>	<hr/>
Net campaign contributions	7,172,204	7,890,850	15,063,054
Designations contributed from other campaigns	128,956	68,681	197,637
Other contributions	2,849,927	13,453,183	16,303,110
Contributed goods and services	1,804,726	-	1,804,726
Grant revenue	-	26,152,088	26,152,088
Program service fees	461,344	-	461,344
Interest and dividends	685,180	505,896	1,191,076
Net realized and unrealized loss on investments	(5,553,915)	(3,347,803)	(8,901,718)
Change in value of beneficial interests held in trusts	-	(1,210,632)	(1,210,632)
Other income	2,724,585	-	2,724,585
Net assets released for satisfaction of time restrictions	9,388,652	(9,388,652)	-
Net assets released for satisfaction of purpose restrictions	37,393,524	(37,393,524)	-
	<hr/>	<hr/>	<hr/>
Total public support and revenue	57,055,183	(3,269,913)	53,785,270
<b>Grants and expenses</b>			
Program services			
Gross distributions to agencies	45,892,818	-	45,892,818
Less: donor designations to agencies	(3,672,220)	-	(3,672,220)
	<hr/>	<hr/>	<hr/>
Net allocations granted to agency programs	42,220,598	-	42,220,598
Other program expenses	9,322,246	-	9,322,246
	<hr/>	<hr/>	<hr/>
Total program services	51,542,844	-	51,542,844
<b>Supporting services</b>			
Fundraising	6,904,239	-	6,904,239
Management and general	3,641,955	-	3,641,955
	<hr/>	<hr/>	<hr/>
Total supporting services	10,546,194	-	10,546,194
Total expenses	62,089,038	-	62,089,038
	<hr/>	<hr/>	<hr/>
<b>CHANGE IN NET ASSETS</b>	(5,033,855)	(3,269,913)	(8,303,768)
<b>Net assets, beginning of year</b>	43,827,079	49,115,273	92,942,352
	<hr/>	<hr/>	<hr/>
<b>Net assets, end of year</b>	\$ 38,793,224	\$ 45,845,360	\$ 84,638,584
	<hr/>	<hr/>	<hr/>

The accompanying notes are an integral part of this consolidated financial statement.



**United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

Year ended June 30, 2023

	Program Services			Supporting Services			2023 Total
	Community Investment	Special Initiatives	Total	Fundraising	Management and General	Total	
Gross distributions to agencies	\$ 23,250,068	\$ 12,696,494	\$ 35,946,562	\$ -	\$ -	\$ -	\$ 35,946,562
Less: donor designations to agencies	(2,905,821)	-	(2,905,821)	-	-	-	(2,905,821)
Net allocations granted to agency programs	20,344,247	12,696,494	33,040,741	-	-	-	33,040,741
Salaries and wages	2,472,039	2,437,994	4,910,033	3,378,676	1,538,504	4,917,180	9,827,213
Employee benefits	366,195	352,571	718,766	423,827	371,546	795,373	1,514,139
Professional fees	937,320	433,554	1,370,874	249,544	722,429	971,973	2,342,847
Supplies	1,588	4,801	6,389	12,182	6,351	18,533	24,922
Telephone	37,084	5,987	43,071	23,212	15,653	38,865	81,936
Postage	2,379	3,382	5,761	2,198	6,128	8,326	14,087
Occupancy	77,459	80,475	157,934	37,558	21,057	58,615	216,549
Equipment rental and maintenance	249,241	115,011	364,252	176,312	113,181	289,493	653,745
Media and printing	855,811	503,408	1,359,219	379,005	5,174	384,179	1,743,398
Mileage reimbursement	19,983	20,930	40,913	10,293	1,163	11,456	52,369
Travel	14,831	24,435	39,266	5,863	7,717	13,580	52,846
Conferences and meetings	67,605	559,571	627,176	417,750	38,692	456,442	1,083,618
Awards	7,908	9,706	17,614	19,131	12,175	31,306	48,920
Subscriptions and dues	217,441	157,514	374,955	47,414	66,881	114,295	489,250
Insurance	31,947	35,734	67,681	342,643	7,241	349,884	417,565
Other fees	149,211	23,851	173,062	-	-	-	173,062
Depreciation expense	339,848	230,975	570,823	68,716	38,801	107,517	678,340
<b>Total</b>	<b>\$ 26,192,137</b>	<b>\$ 17,696,393</b>	<b>\$ 43,888,530</b>	<b>\$ 5,594,324</b>	<b>\$ 2,972,693</b>	<b>\$ 8,567,017</b>	<b>\$ 52,455,547</b>

The accompanying notes are an integral part of this consolidated financial statement.

**United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

Year ended June 30, 2022

	Program Services			Supporting Services			2022 Total
	Community Investment	Special Initiatives	Total	Fundraising	Management and General	Total	
Gross distributions to agencies	\$ 17,934,939	\$ 27,957,879	\$ 45,892,818	\$ -	\$ -	\$ -	\$ 45,892,818
Less: donor designations to agencies	(3,672,220)	-	(3,672,220)	-	-	-	(3,672,220)
Net allocations granted to agency programs	14,262,719	27,957,879	42,220,598	-	-	-	42,220,598
Salaries and wages	1,751,062	2,090,748	3,841,810	2,963,911	2,066,835	5,030,746	8,872,556
Employee benefits	239,633	264,784	504,417	393,306	381,057	774,363	1,278,780
Professional fees	271,388	639,788	911,176	330,827	779,217	1,110,044	2,021,220
Supplies	2,020	3,562	5,582	474,107	2,922	477,029	482,611
Telephone	27,009	6,484	33,493	29,835	17,305	47,140	80,633
Postage	1,897	1,005	2,902	2,908	1,914	4,822	7,724
Occupancy	125,175	142,625	267,800	59,973	36,922	96,895	364,695
Equipment rental and maintenance	214,080	822,818	1,036,898	1,307,062	158,994	1,466,056	2,502,954
Media and printing	339,354	325,258	664,612	580,602	8,747	589,349	1,253,961
Mileage reimbursement	7,936	8,966	16,902	7,813	1,772	9,585	26,487
Travel	569	5,394	5,963	657	4,983	5,640	11,603
Conferences and meetings	28,340	264,014	292,354	461,228	11,484	472,712	765,066
Awards	5,389	9,955	15,344	23,276	20,319	43,595	58,939
Subscriptions and dues	259,077	469,542	728,619	102,214	65,755	167,969	896,588
Insurance	169,050	190,259	359,309	79,452	39,133	118,585	477,894
Other fees	18,717	5,017	23,734	2,828	1,220	4,048	27,782
Depreciation expense	210,304	401,027	611,331	84,240	43,376	127,616	738,947
<b>Total</b>	<b>\$ 17,933,719</b>	<b>\$ 33,609,125</b>	<b>\$ 51,542,844</b>	<b>\$ 6,904,239</b>	<b>\$ 3,641,955</b>	<b>\$ 10,546,194</b>	<b>\$ 62,089,038</b>

The accompanying notes are an integral part of this consolidated financial statement.

**United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Years ended June 30,

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 20,978,329	\$ (8,303,768)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Proceeds from contributions restricted for long-term purposes	(1,091,972)	(458,673)
Depreciation	678,340	738,947
Net realized and unrealized loss (gain) on investments	(5,494,509)	8,901,718
Life insurance premiums expense	327,942	391,285
Change in value of beneficial interests held in trusts	(1,658,409)	1,210,632
Gain on PPP loan extinguishment	-	(1,653,966)
Provision for Bad Debts	(55,635)	(481,794)
Loss on write-off of note receivable	406,531	-
Changes in operating assets and liabilities:		
Campaign pledges receivable	(4,818,014)	946,497
Other pledges receivable	(9,423,866)	(1,233,613)
Prepaid expenses and accounts receivable	1,177,624	(1,050,426)
Other assets	(81,164)	(177,440)
Accounts payable and accrued expenses	(881,562)	(3,468,913)
Grants and allocations payable	2,500,000	(2,450,000)
Donor designations payable	<u>(432,855)</u>	<u>206,984</u>
Net cash provided by (used in) operating activities	2,130,780	(6,882,530)
<b>Cash flows from investing activities:</b>		
Purchases of investments	(33,534,164)	(13,805,517)
Proceeds from sales or maturities of investments	30,992,597	14,310,984
Note receivable accrued interest	-	(24,501)
Purchase of life insurance policy	(714,230)	(586,393)
Purchase of equipment and building improvements	<u>(1,005,550)</u>	<u>(113,423)</u>
Net cash used in investing activities	(4,261,347)	(218,850)
<b>Cash flows from financing activities:</b>		
Proceeds from contributions restricted for long-term purposes	<u>1,091,972</u>	<u>458,673</u>
Net cash provided by financing activities	1,091,972	458,673
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(1,038,595)	(6,642,707)
<b>Cash and cash equivalents, beginning of year</b>	<u>5,304,767</u>	<u>11,947,474</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 4,266,172</u>	<u>\$ 5,304,767</u>
<b>Supplemental disclosures of cash flow information:</b>		
Noncash financing:		
Extinguishment of PPP Loan	\$ -	\$ (1,653,966)

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

**United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2023 and 2022**

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

United Way of Metropolitan Dallas, Inc. (the “United Way”), a Texas nonprofit corporation founded in 1961, is a voluntary health and welfare organization governed by a volunteer Board of Directors (the “Board”). United Way is a community-based social change organization that believes in the power of unity to create lasting change. For over 90 years, United Way has led the charge to strengthen education, income and health - the building blocks of opportunity. In education, United Way seeks to give kids a strong start, provide quality out-of-school time, and strong pathways through high-school to college and career. In income, United Way invests in programs that help North Texans get and keep better jobs, establish savings, and hold on to more of what they earn. In health United Way creates, leads and invests in programs that enable residents to get and stay healthy. In the past year, United Way impacted the lives of over one million North Texans.

United Way Foundation of Metropolitan Dallas (the “Foundation”), a Texas nonprofit corporation, was founded in 1999 exclusively for the purpose of receiving gifts, grants, and bequests in order to establish an endowment fund for the long-term benefit of United Way. The Foundation operates an endowment, consisting of both donor-restricted endowment funds and unrestricted board-designated endowment funds. The Foundation is governed by a volunteer Board of Directors (the “Foundation Board”), which is appointed by the Board of Directors of United Way. The Foundation Board’s intent is to treat all unrestricted gifts to the Foundation as a permanent endowment whereby the corpus of these gifts is held in perpetuity and only the earnings are spent. For reporting purposes, the Foundation is consolidated in United Way’s financial statements. Inter-entity transactions have been eliminated in the consolidated financial statements.

***Basis of Presentation***

The accompanying consolidated financial statements of United Way are prepared on the accrual basis of accounting.

***Cash and Cash Equivalents***

Cash and cash equivalents include demand deposits and all short-term investments with maturity dates of three months or less when purchased. United Way places its cash in high-quality financial institutions. Cash balances, at times, may exceed federally insured limits. United Way has not experienced any losses on such accounts.

***Pledges Receivable***

Unconditional promises to give are recorded as pledges receivable and contribution revenue when the promise is made. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Pledges receivable and related contributions are initially recorded at their net realizable value based on amounts expected to be collected from donors. This valuation reflects net pledge balances at a level which, in the judgment of management, is adequate to meet the present and potential risks of uncollectibility of the pledges receivable. Management’s judgment is based on a variety of factors, which include experience related to charge offs and recoveries, previous collection history and scrutiny of individual accounts. Specific accounts are written off only upon notification from donors that the pledges are no longer collectible. An allowance for uncollectible pledges is estimated based on recent historical experience, as well as other factors anticipated to affect collections. For the annual campaign, any remaining uncollectible pledge balances are written off after two years.

**United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

***Investments***

Investments are carried at fair value, which is determined based on quoted market prices. Realized and unrealized gains and losses are reflected in the consolidated statements of activities. Gains and losses on sales transactions are recorded when realized based on the original cost of the investments sold based on the specific identification method. Earnings from investments are recorded as interest and dividends and are reflected in the consolidated statement of activities.

***Custodian Funds***

Custodian funds are held on behalf of other entities and are disbursed only upon instructions from such entities.

The amounts of custodian funds held for other parties and not commingled by the Foundation totaled approximately \$465,500 as of June 30, 2023 and 2022, and are reflected as custodian asset and liability in the consolidated statements of financial position. All funds were held in cash.

***Life Insurance Policy***

As part of a planned giving program, the Foundation has purchased 54 life insurance policies on behalf of donors. One and 16 new policies were purchased during fiscal years ended June 30, 2023 and 2022, respectively. The Foundation is the beneficiary of these policies. This program allows donors to utilize life insurance to accomplish their philanthropic objectives by enabling the donors to create a future legacy that will endow their annual gift into perpetuity. The donor contributes an amount sufficient to cover half of the annual premiums and the Foundation matches the donation for a full premium payment for each policy. Additionally, donors may provide funds for the Foundation's match premiums. The cash surrender value of the policy is included in other assets in the consolidated statements of financial position. The difference between the premium paid and the cash surrender value of the policy is expensed as fundraising expenses in the consolidated statements of activities.

***Land, Building and Equipment***

Land, building and equipment are stated at cost if purchased and at fair value at the date of donation if donated. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets (five to 30 years for building and improvements and three to 10 years for furniture and equipment). United Way capitalizes all expenditures for land, buildings and equipment in excess of \$5,000.

United Way reviews the recoverability of its long-lived assets as required by accounting principles generally accepted in the United States of America ("US GAAP"), whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The estimated future cash flows are based upon, among other things, assumptions about expected future operating performance and may differ from actual cash flows. If the sum of the projected undiscounted cash flows is less than the carrying value of the assets, the assets will be written down to the estimated fair value in the period in which the determination is made. As of and for the years ended June 30, 2023 and 2022, no indicators of impairment were identified, and no impairment was recorded.

***Net Assets Without Donor Restrictions***

Net assets without donor restrictions are currently available net assets for operating purposes under the direction of the board, designated by the board for specific use, donor-advised funds, or invested in property and equipment.

**United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

***Net Assets with Donor Restrictions***

Contributions received from third parties with donor stipulations that limit the use of the donated assets, including specific or implied time restrictions inherent in pledges to give cash or other assets in the future, or are restricted such that the original gift (or principal) must be maintained in perpetuity, such as a permanent endowment fund are reported as net assets with donor restriction in the accompanying consolidated financial statements. When the applicable restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished (including accrual of the related obligation), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the consolidated statement of activities as net assets released from restrictions. Contributions received with temporary restrictions which are satisfied in the same reporting period are accounted for as described above and are included in net assets released from restrictions in the accompanying consolidated statement of activities. For contributions maintained in perpetuity, only the investment return on the original principal is available for use according to donor restrictions.

***Campaign and Contributions***

Restricted contributions are recorded at their estimated fair value when received or made rather than in the period for which the pledges are designated. Unconditional promises to give are recorded as revenue when the promise is made.

To determine the net realizable value of contributions from the annual fundraising campaign, a loss provision is calculated as a percentage of gross campaign results, including donor designations. As described above, management assesses the risks of uncollectibility to determine a reasonable loss provision. If actual collection results differ significantly from expectations, contributions in a subsequent period may be adjusted accordingly.

Per United Way policy, all campaign contributions in the current and future campaign years are restricted by time in the absence of a purpose restriction. The current campaign year fundraises for a future budgetary period, and therefore funds raised are spent in the following fiscal year and thus are considered time restricted within net assets.

***Donor Designations***

Annual campaign gifts in which United Way agrees to transfer the gift to another beneficiary as designated by the donor constitute agency transactions and are deducted from gross campaign results to arrive at contribution revenue. In accordance with United Way Worldwide membership requirements, these designations are presented as part of gross campaign results and gross distributions to agencies on the consolidated statement of activities, but are then deducted to arrive at United Way's actual revenue and expense under U.S. GAAP.

United Way pledges received from donors who have elected to use third-party pledge administrators to process the designation payments on their behalf are included in gross campaign results and gross agency distributions, in accordance with United Way Worldwide membership requirements. They are not included in pledges receivable or designations payable because those donations are paid directly by the donor to the third-party administrator to remit to the designated agencies.

United Way charges a processing fee on donor designation payments and restricted internal donations. Sixteen percent of the gift amount is recorded as unrestricted revenue in order to offset administrative expenses related to processing and distributing the gift.

**United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

***Contributed Goods and Services***

Contributed goods are reflected as contributions in the accompanying consolidated financial statements at their estimated fair values at date of receipt. Contributions of services are recorded at estimated fair value if the services received create or enhance nonfinancial assets or require specialized skills and would typically need to be purchased if not provided by donation. A number of volunteers have donated significant time and effort to United Way's fundraising campaign and its grant allocation process. The dollar value of these contributed services is not reflected in the consolidated financial statements because the nature of the services does not meet the specified criteria for recording.

***Functional Expenses***

Expenses are summarized and categorized based on their functional classification as either program services or supporting services in the consolidated statement of functional expenses. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. However, many expenses relate to more than one function and must be allocated among the program and supporting services benefited. United Way records expenses to departments and programs to facilitate the functionalization between Management and General, Fundraising, and Program Services. United Way has a class of programs with expenses that relate only to Program Services. When a program has expenses that cross the functional categories, their expenses are allocated based on department. United Way has several departments with expenses directly apportioned to the three functional categories. United Way indirectly allocates expenses from four departments, for depreciation and for dues paid to United Way Worldwide and United Ways of Texas.

Marketing department expenses support Fundraising and Program Services and are allocated evenly between these two functional areas. Human Resources and Information Technology expenses are allocated between each of the functional categories based on proportional headcount. United Way allocates the expenses for the Building Operations department, depreciation and dues by using the proportion of the total expenses reported in each functional category compared to the allocation base of total overall expenses, net of these amounts.

***Advertising***

United Way expenses advertising costs as incurred. Advertising costs were approximately \$552,000 and \$446,000 for the years ended June 30, 2023 and 2022, respectively. Advertising expense was allocated in the media and printing line of the consolidated statements of functional expenses.

***Income Taxes***

Both United Way and the Foundation follow guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

Both United Way and the Foundation are exempt from federal income tax under IRC section 501(c)(3), though are subject to tax on income unrelated to their exempt purpose, unless that income is otherwise excluded by the Code. United Way and the Foundation have processes presently in place to ensure the maintenance of their tax-exempt statuses; to identify and report unrelated income; to determine their filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that

**United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

may be considered tax positions. United Way and the Foundation have determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements

***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

***Recent Accounting Pronouncements***

In February 2016, Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, Leases, which will supersede the current lease guidance in current U.S. GAAP. The ASU requires lessees to recognize a right of use asset and a related lease liability for all leases, with the limited exception of short-term leases. The main difference with current practice is that lessees will be required to record an asset and liability for what is now considered an operating lease. United Way adopted the standard as of July 1, 2022. There was no impact to the consolidated financial statements.

**NOTE B - PLEDGES RECEIVABLE**

Pledges receivable as of June 30, 2023 are summarized as follows:

	Pledges Due in Less Than 1 Year	Pledges Due Within 1 to 5 Years	Pledges Due More Than 5 Years	Less Unamortized Present Value Discount	Allowance for Doubtful Account	Total
Campaign pledges receivable:						
2023 United Way Campaign	\$ 130,977	\$ -	\$ -	\$ -	\$ -	\$ 130,977
2022 United Way Campaign	7,625,340	-	-	-	(1,033,000)	6,592,340
2021 United Way Campaign	4,792,685	-	-	-	(1,058,107)	3,734,578
Subtotal	12,549,002	-	-	-	(2,091,107)	10,457,895
Other pledges receivable:						
Sponsorships and other	8,640,892	10,773,864	245,000	(1,098,340)	-	18,561,416
Foundation life insurance premium gift	68,559	400,000	-	(35,819)	-	432,740
Foundation endowment gift	1,045,711	956,000	65,000	(132,877)	-	1,933,834
Subtotal	9,755,162	12,129,864	310,000	(1,267,036)	-	20,927,990
Total pledges receivable, net	<u>\$22,304,164</u>	<u>\$12,129,864</u>	<u>\$ 310,000</u>	<u>\$(1,267,036)</u>	<u>\$(2,091,107)</u>	<u>\$31,385,885</u>



**United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

Pledges receivable as of June 30, 2022 are summarized as follows:

	Pledges Due in Less Than 1 Year	Pledges Due Within 1 to 5 Years	Pledges Due More Than 5 Years	Less Unamortized Present Value Discount	Allowance for Doubtful Account	Total
Campaign pledges receivable:						
2022 United Way Campaign	\$ 21,183	\$ -	\$ -	\$ -	\$ -	\$ 21,183
2021 United Way Campaign	6,447,173	-	-	-	(1,058,107)	5,389,066
2020 United Way Campaign	<u>1,262,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,088,635)</u>	<u>173,997</u>
Subtotal	7,730,988	-	-	-	(2,146,742)	5,584,246
Other pledges receivable:						
Sponsorships and other	7,207,686	1,803,000	285,000	(278,824)	-	9,016,862
Foundation life insurance premium gift	172,318	400,000	-	(28,493)	-	543,825
Foundation endowment gift	<u>1,138,351</u>	<u>1,020,000</u>	<u>70,000</u>	<u>(284,914)</u>	<u>-</u>	<u>1,943,437</u>
Subtotal	<u>8,518,355</u>	<u>3,223,000</u>	<u>355,000</u>	<u>(592,231)</u>	<u>-</u>	<u>11,504,124</u>
Total pledges receivable, net	<u>\$16,249,343</u>	<u>\$ 3,223,000</u>	<u>\$ 355,000</u>	<u>\$ (592,231)</u>	<u>\$(2,146,742)</u>	<u>\$17,088,370</u>

Pledges due in more than one year are reflected at the net present value of future cash flows. Pledges were discounted using rates from 3.25% to 7.25% at the time the pledges were made for the fiscal years ended June 30, 2023 and 2022.

**NOTE C - INVESTMENTS AND FAIR VALUE**

	<u>2023</u>	<u>2022</u>
Equity mutual funds	\$ 39,469,849	\$ 35,966,612
Fixed income mutual funds	17,026,748	13,091,016
Money market funds	<u>6,114,990</u>	<u>5,052,383</u>
Total	<u>\$ 62,611,587</u>	<u>\$ 54,110,011</u>

Total fair value of investments for FY2023 in the above table includes the \$465,500 custodian account that is held in money market funds.

United Way records its financial instruments in accordance with the fair value guidance as established by the FASB. In accordance with this guidance, fair value is defined as the price United Way would receive from the sale of an asset, or pay to transfer a liability, in a timely transaction with an independent buyer in a principal market. This guidance establishes a three-tier hierarchy to distinguish between various types of

**United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

inputs used in determining the value of United Way's investments and liabilities. The inputs are summarized in three levels as outlined below:

Level 1 Inputs - Quoted prices (unadjusted) in active markets for identical assets and liabilities. Level 1 assets include certificates of deposit, mutual funds and money market funds. Valuations of these instruments do not require a high degree of judgment as the valuations are based on quoted prices in active markets that are readily available;

Level 2 Inputs - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; and inputs other than quoted prices that are observable, such as models or other valuation methodologies. Valuations in this category are inherently less reliable than quoted market prices due to the degree of subjectivity involved in determining appropriate methodologies and the applicable underlying assumptions. United Way did not have any Level 2 financial instruments for the years ended June 30, 2023 and 2022; and

Level 3 Inputs - Unobservable inputs for the valuation of the asset or liability. Level 3 assets include investments for which there is little, if any, market activity. These inputs require significant management judgment or estimation. Assets in this category include beneficial interests held in trusts. These financial instruments have inputs that cannot be validated by readily determinable market data and generally involve considerable judgment by management.

United Way's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument.

The schedule below classifies United Way's investments and beneficial interests held in trusts carried at fair value based upon the three-tier hierarchy required by US GAAP:

Description	Fair Market Measurements at June 30, 2023			June 30, 2023
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments:				
Equity mutual funds	\$ 39,469,849	\$ -	\$ -	\$ 39,469,849
Fixed income mutual funds	17,026,748	-	-	17,026,748
Money market funds	6,114,990	-	-	6,114,990
Beneficial interest held in trusts:				
Split-interest agreements	-	-	12,449,016	12,449,016
<b>Total</b>	<b>\$ 62,611,587</b>	<b>\$ -</b>	<b>\$ 12,449,016</b>	<b>\$ 75,060,603</b>

**United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

The schedule below summarizes the activity for the year ended June 30, 2023 for the items above which have been classified as Level 3 investments:

	<u>Beneficial Interests Held in Trusts</u>
Beginning balance	\$ 10,790,607
Change in value	<u>1,658,409</u>
Ending balance	<u>\$ 12,449,016</u>

The schedule below classifies United Way's investments and beneficial interests held in trusts carried at fair value based upon the three-tier hierarchy required by US GAAP:

<u>Description</u>	<u>Fair Market Measurements at June 30, 2022</u>			<u>June 30, 2022</u>
	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	
Investments:				
Equity mutual funds	\$ 35,966,612	\$ -	\$ -	\$ 35,966,612
Fixed income mutual funds	13,091,016	-	-	13,091,016
Money market funds	5,052,383	-	-	5,052,383
Beneficial interest held in trusts:				
Split-interest agreements	<u>-</u>	<u>-</u>	<u>10,790,607</u>	<u>10,790,607</u>
Total	<u>\$ 54,110,011</u>	<u>\$ -</u>	<u>\$ 10,790,607</u>	<u>\$ 64,900,618</u>

The schedule below summarizes the activity for the year ended June 30, 2022 for the items above which have been classified as Level 3 investments:

	<u>Beneficial Interests Held in Trusts</u>
Beginning balance	\$ 12,001,239
Change in value	<u>(1,210,632)</u>
Ending balance	<u>\$ 10,790,607</u>

***Investments and Beneficial Interests Held in Trusts***

The carrying amounts of investments approximate fair value based on quoted market prices. The fair value of the beneficial interests held in trusts is determined in good faith by the trustees based on estimates of the underlying investments and appropriate market indices.

**United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

A professional investment advisor manages the Foundation's investments with periodic review by United Way management and the Foundation Investment Committee with approval by the Foundation's Board of Directors. The management of the Foundation and United Way do not believe their investments pose unusual market or credit risks.

Investment fees of \$58,959 and \$61,232 were incurred for the years ended June 30, 2023 and 2022, respectively, and are included in net realized and unrealized gain on investments in the accompanying consolidated statement of activities.

**NOTE D - BENEFICIAL INTERESTS HELD IN TRUSTS**

United Way is the beneficiary of three perpetual trusts held and administered by third-party trustees. The present value of the estimated future cash receipts from the trusts (as measured by the fair value of the underlying investments at United Way's fiscal year end) was recognized as assets and contribution revenue at the date the trusts were established. Distributions from the trusts are recorded within other contributions and the carrying value of the assets is adjusted for changes in the estimates of future receipts. The changes in the value of these trusts are included in the change in value of beneficial interests held in trusts in the accompanying consolidated statement of activities.

**NOTE E - LAND, BUILDING AND EQUIPMENT**

Land, building and equipment consist of the following:

	<u>2023</u>	<u>2022</u>
Building and improvements	\$ 11,076,116	\$ 10,058,566
Furniture and equipment	<u>3,228,462</u>	<u>3,228,462</u>
	14,304,578	13,287,028
Less accumulated depreciation	<u>(10,019,360)</u>	<u>(9,341,020)</u>
	4,285,218	3,946,008
Construction in progress	-	12,000
Land and improvements	<u>211,259</u>	<u>211,259</u>
Total	<u>\$ 4,496,477</u>	<u>\$ 4,169,267</u>

**NOTE F - GRANT ALLOCATIONS AND COMMITMENTS TO AGENCY PROGRAMS**

In June 2023, United Way made unconditional pledges to agency programs for community fund grant allocations to be paid for the period beginning July 1, 2023 through December 31, 2023. Additionally, prior to June 30, 2023, United Way made unconditional pledges to agency programs for program initiative grant allocations to be paid July 1, 2023 through June 30, 2024. Accordingly, as of June 30, 2023, a liability of \$7,500,000 was recorded for the unconditional grants pledged, and not yet paid as of that date.

In addition, an estimate was made of community fund and program initiative grant allocations expected to be paid to agency programs for the period beginning January 1, 2024 through June 30, 2024, which is conditional upon the results of campaign collections. These conditional pledges total \$7,500,000 and have

**United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

not been accrued in the consolidated statements of financial position because a firm commitment has not been made.

In June 2022, United Way made unconditional pledges to agency programs for community fund grant allocations to be paid for the period beginning July 1, 2022 through December 31, 2022. Additionally, prior to June 30, 2022, United Way made unconditional pledges to agency programs for program initiative grant allocations to be paid July 1, 2022 through June 30, 2023. Accordingly, as of June 30, 2022, a liability of \$5,000,000 was recorded for the unconditional grants pledged, and not yet paid as of that date.

In addition, an estimate was made of community fund and program initiative grant allocations expected to be paid to agency programs for the period beginning January 1, 2023 through June 30, 2023, which is conditional upon the results of campaign collections. These conditional pledges total \$5,000,000 and have not been accrued in the consolidated statements of financial position because a firm commitment has not been made.

**NOTE G - GOVERNMENTAL CAMPAIGNS**

United Way participates in local campaigns in the Metropolitan Dallas area on behalf of the Combined Federal Campaign ("CFC"), the State Employee Charitable Campaign and the City of Dallas Employee Charitable Campaign. Through these campaigns, donors designate their gifts to a wide variety of charitable organizations, and United Way honors designations made to each member organization by distributing a proportionate share of receipts based on donor designations to each member, per CFC regulations at §950.301(e)(2)(i). Verification that United Way is honoring designations made to each member organization has been performed. United Way acts as a federation level entity for these campaigns.

**NOTE H - FEDERAL GRANT PROGRAMS**

On March 29, 2020, Congress passed, and the President signed the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). Under the CARES Act, \$150 billion was allocated to the coronavirus relief fund ("CRF"). The CRF supported American individuals and families by providing funds to states and local governments in mitigating the economic effects of the COVID-19 outbreak. Governmental entities may choose to contract with nonprofits to provide services. In the year ended June 30, 2023, United Way received \$1,027,140 of grant payments for workforce development. In the year ended June 30, 2022, United Way received \$459,808 of grant payments for housing stability and not for profit assistance. This is considered nonexchange transactions from the City of Dallas, which is included in grant revenue in the consolidated statements of activities. These payments are subject to audit and compliance with federal regulations. United Way believes it has met the conditions to retain these funds, and no amounts are reserved for repayment at June 30, 2023 in the accompanying consolidated balance sheet. These funds are passed through to partner agencies, and reflected on the consolidated statement of activities as gross distributions to agencies.

On March 11, 2021, Congress passed, and the President signed the American Rescue Plan Act of 2021 ("ARPA Act"). Under the ARPA Act, \$1.9 trillion was allocated to addressing economic and health effects of the COVID-19 pandemic. Governmental entities may choose to contract with nonprofits to provide services. In the year ended June 30, 2023, United Way received \$ 5,354,088 of grant payments for housing stability. In the year ended June 30 2022, United Way received \$20,168,842 in ARPA funding. This is considered nonexchange transactions from the City of Dallas, which is included in grant revenue in the consolidated statements of activities. These payments are subject to audit and compliance with federal regulations. United Way believes it has met the conditions to retain these funds, and no amounts are reserved for repayment at June 30, 2023 in the accompanying consolidated balance sheet. These funds

**United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

are passed through to partner agencies, and reflected on the consolidated statement of activities as gross distributions to agencies.

**NOTE I - CONTRIBUTED NONFINANCIAL ASSETS**

For the years ended June 30, 2023 and 2022, contributed nonfinancial assets recognized within the consolidated statement of activities in contributed goods and services:

	2023	2022
Legal fees	\$ 8,937	\$ 15,611
Consulting services	568,000	-
Hotspots	-	1,045,500
Mask	-	469,500
Media	150,808	274,115
Total	\$ 727,745	\$ 1,804,726
Southern Dallas Thrives	\$ -	\$ 1,045,500
Unrestricted	-	759,226
Total	\$ 727,745	\$ 1,804,726

Legal services were valued by the donating firm, at the rate billed to clients. United Way Worldwide values the media provided based on records provided by media partners of the number of impressions recorded for the ads that appeared based on the National Association of Broadcasters standards for valuation of market impressions. Hotspots and masks were valued by the donor, based on fair market value.

All gifts were recognized in accordance with the donor restrictions and purpose, when applicable.

**NOTE J - ENDOWMENT FUNDS**

The Foundation’s endowment consists of individual endowment funds established for the exclusive purpose of operating for the benefit of United Way. The endowment includes funds that are both donor-restricted endowment funds and funds designated by the Foundation Board to function as endowments. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Unrestricted endowment funds represent those funds designated by the Board at the inception of the endowment plus general public contributions, estate settlement and contributions not supported by an endowment.

***Interpretation of Relevant Law***

The Foundation interprets the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) enacted by the State of Texas as allowing the Foundation, absent donor stipulations to the contrary as stated in the gift instrument, to appropriate so much of a donor-restricted endowment fund as the Board determines is prudent for the uses, benefits, purposes, and duration for which the endowment is established.

The following factors are considered 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 donor-restricted endowment fund; 3) general economic conditions; 4) the possible effect of inflation and deflation;

**United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

5) the expected total return from income and the appreciation of investments; and 6) other resources of United Way.

Endowment net asset composition by type of fund consists of the following as of June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions			Total
		Original Gift Amount	Accumulated Gains (Losses) and Other	Total with Donor Restrictions	
Donor-restricted endowment funds	\$ -	\$ 22,668,586	\$ 3,806,658	\$ 26,475,244	\$ 26,475,244
Board-designated endowment funds	28,942,785	-	-	-	28,942,785
<b>Total endowment net assets</b>	<b>\$ 28,942,785</b>	<b>\$ 22,668,586</b>	<b>\$ 3,806,658</b>	<b>\$ 26,475,244</b>	<b>\$ 55,418,029</b>

Endowment net asset composition by type of fund consists of the following as of June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions			Total
		Original Gift Amount	Accumulated Gains (Losses) and Other	Total with Donor Restrictions	
Donor-restricted endowment funds	\$ -	\$ 21,453,160	\$ 1,994,625	\$ 23,447,785	\$ 23,447,785
Board-designated endowment funds	24,092,251	-	-	-	24,092,251
<b>Total endowment net assets</b>	<b>\$ 24,092,251</b>	<b>\$ 21,453,160</b>	<b>\$ 1,994,625</b>	<b>\$ 23,447,785</b>	<b>\$ 47,540,036</b>

Changes in endowment net assets for the year ended June 30, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions			Total
		Original Gift Amounts	Accumulated Gains (Losses) and Other	Total with Donor Restrictions	
Endowment net assets, beginning of year	\$ 24,092,251	\$ 21,453,160	\$ 1,994,625	\$ 23,447,785	\$ 47,540,036
Investment return:					
Investment income	630,700	-	531,140	531,140	1,161,840
Net appreciation (unrealized and realized)	2,981,949	-	2,512,560	2,512,560	5,494,509
<b>Total investment return</b>	<b>3,612,649</b>	<b>-</b>	<b>3,043,700</b>	<b>3,043,700</b>	<b>6,656,349</b>
Contributions	2,660,219	1,215,426	(123,454)	1,091,972	3,752,191
Appropriation of assets for expenditure	(1,422,334)	-	(1,108,213)	(1,108,213)	(2,530,547)
<b>Endowment net assets, end of year</b>	<b>\$ 28,942,785</b>	<b>\$ 22,668,586</b>	<b>\$ 3,806,658</b>	<b>\$ 26,475,244</b>	<b>\$ 55,418,029</b>

**United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

Changes in endowment net assets for the year ended June 30, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions		Total with Donor Restrictions	Total
		Original Gift Amounts	Accumulated Gains (Losses) and Other		
Endowment net assets, beginning of year	\$ 28,099,242	\$ 20,401,801	\$ 6,071,288	\$ 26,473,089	\$ 54,572,331
Investment return:					
Investment income	638,962	-	505,896	505,896	1,144,858
Net appreciation (unrealized and realized)	(5,525,055)	-	(3,347,803)	(3,347,803)	(8,872,858)
Total investment return	(4,886,093)	-	(2,841,907)	(2,841,907)	(7,728,000)
Contributions	2,348,192	1,051,359	(592,686)	458,673	2,806,865
Appropriation of assets for expenditure	(1,469,090)	-	(642,070)	(642,070)	(2,111,160)
Endowment net assets, end of year	<u>\$ 24,092,251</u>	<u>\$ 21,453,160</u>	<u>\$ 1,994,625</u>	<u>\$ 23,447,785</u>	<u>\$ 47,540,036</u>

***Return Objective and Risk Parameters***

The Foundation 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. Endowments include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period as well as board-designated funds.

***Strategies Employed for Achieving Objectives***

To satisfy its long-term rate-of-return objectives, United Way relies on a total return strategy in which investment returns are achieved through capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation. The Foundation's investment objectives are to generate sufficient long-term growth of capital without undue exposure to risk, to provide for spending distributions when needed, and to enhance the real purchasing power of the investments.

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

The primary long-term management objective of the Foundation's board-designated and donor-restricted endowment funds (the "Endowment Fund") is to ensure safety and preservation of principal, to achieve a satisfactory risk-adjusted total rate of return on assets under management, to maintain sufficient liquidity to meet operating and distribution needs, and to seek at all times to maintain public trust by adhering to the above stated objectives.

Per the spending policy, the Foundation distributes the higher of \$2,500,000 or 4.5% of the 12-quarter rolling average of the portfolio's market value, or the most recent quarter's closing market value, whichever is lower. As a result, the Foundation distribution to United Way for the years ended June 30, 2023 and 2022 was \$2,500,000. This was approved by the Foundation Board during the fiscal years ended June 30, 2023 and 2022, respectively.



**United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

***Funds with Deficiencies***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. As of June 30, 2023, there were no endowments that had fallen below their original gift amount. As of June 30, 2022, there were two named endowments that had fallen slightly below their original gift amount. These were \$18,522 under the contributed amount of \$1,740,190. United Way policy is to refrain from spending until the fair market value is greater than the original contribution.

**NOTE K - NOTE RECEIVABLE**

The Foundation held a convertible promissory note as of June 30, 2022 as a part of the impact investing fund. The impact investing fund is used to invest in for-profit companies that meet the mission of United Way.

In August 2023, the promisor company announced dissolution and sale of all assets. There was no return for noteholders. As of June 30, 2023, the note receivable and related accrued interest was written off in the amount of \$406,531.

**NOTE L - NOTE PAYABLE**

As of June 30, 2022, United Way received a loan of \$1,653,966 (Phase 2), under the Paycheck Protection Program ("PPP"). The PPP, established as part of the CARES Act, provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period.

As of June 30, 2022 Phase 2 of the PPP was forgiven and is reflected on the consolidated statement of activities as other income and on the consolidated statements of cash flows under financing activities.

**NOTE M - NET ASSETS**

Net assets as of June 30, 2023 are categorized as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Unrestricted	\$ 10,566,660	\$ -	\$ 10,566,660
Unrestricted - Board designated	30,407,715	-	30,407,715
Time-restricted within AR	-	5,814,272	5,814,272
Time-restricted within Foundation AR	-	1,030,793	1,030,793
Purpose restricted in Foundation	-	(220,355)	(220,355)
Programs, events, fundraising and other	-	17,135,480	17,135,480
Beneficial interest held in trusts	-	12,449,016	12,449,016
Endowment - restricted	-	28,433,332	28,433,332
	<b>\$ 40,974,375</b>	<b>\$ 64,642,538</b>	<b>\$105,616,913</b>

**United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

Net assets as of June 30, 2022 are categorized as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Unrestricted	\$ 13,087,930	\$ -	\$ 13,087,930
Unrestricted - Board designated	25,705,294	-	25,705,294
Time-restricted within AR	-	5,663,915	5,663,915
Time-restricted within Foundation AR	-	2,609,809	2,609,809
Purpose restricted in Foundation	-	571,041	571,041
Programs, events, fundraising and other	-	1,032,377	1,032,377
Beneficial interest held in trusts	-	10,790,607	10,790,607
Endowment - restricted	-	25,177,611	25,177,611
	<u>\$ 38,793,224</u>	<u>\$ 45,845,360</u>	<u>\$ 84,638,584</u>
Total net assets			

**NOTE N - LIQUIDITY AND AVAILABILITY**

The following table reflects United Way's financial assets as of June 30, 2023 and 2022 reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, assets held for others, perpetual endowments and accumulated earnings net of appropriations within one year, or because the governing board has set aside the funds for a specific contingency reserve or a long-term investment as board-designated endowments. These board designations could be drawn upon if the board approves that action.

	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 4,266,172	\$ 5,304,767
Investments, at fair value	62,146,087	54,110,011
	<u>\$ 66,412,259</u>	<u>\$ 59,414,778</u>

Less assets unavailable for general expenditure within one year, due to:

Board-designated endowment	\$ (28,942,785)	\$ (24,092,251)
Donor-restricted endowment	(27,181,028)	(23,923,260)
Time restricted by board not within one year	(110)	(20,820)
Donor purpose restriction	<u>(5,896,260)</u>	<u>(420,418)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,392,076</u>	<u>\$ 10,958,029</u>

As part of United Way's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, United Way invests cash in excess of weekly requirements in short-term investments. United Way has board-designated net assets without donor restrictions that could be made available for current operations, if necessary.

**United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

**NOTE O - EMPLOYEE RETIREMENT PLAN**

United Way has a defined contribution pension plan (the "Plan") for the benefit of its employees. Employees are eligible to contribute to the Plan on the first day of the month, following 30 days after their hire date. After one year of service, United Way makes contributions to each participating employee's account based on percentages of employee compensation. Employees receive 5% of their base compensation plus a 50% match of their contributions up to 4% of their base compensation. United Way contributed approximately \$453,000 and \$345,000 to the Plan for the years ended June 30, 2023 and 2022.

**NOTE P - SUBSEQUENT EVENTS**

United Way has evaluated its consolidated financial statements for subsequent events through January 29, 2024, the date the consolidated financial statements were available to be issued. United Way is not aware of any such events which would require recognition or disclosure in the consolidated financial statements.

SUPPLEMENTARY INFORMATION

**United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**

**June 30, 2023**

	<u>United Way of Metropolitan Dallas, Inc.</u>	<u>United Way Foundation of Metropolitan Dallas</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,768,687	\$ 497,485	\$ -	\$ 4,266,172
Pledges receivable, net				
Campaign pledges receivable, net	10,457,895	-	-	10,457,895
Other pledges receivable, net	18,561,416	2,366,574	-	20,927,990
Total pledges receivable, net	29,019,311	2,366,574	-	31,385,885
Prepaid expenses and accounts receivable	274,374	-	-	274,374
Due from Foundation	3,798,090	-	(3,798,090)	-
Due from UWMD	-	1,030,388	(1,030,388)	-
Investments, at fair value	4,582,252	57,563,835	-	62,146,087
Custodian asset	-	465,500	-	465,500
Beneficial interests held in trusts	12,449,016	-	-	12,449,016
Land, building and equipment, net	4,496,477	-	-	4,496,477
Notes receivable	-	-	-	-
Other assets	264,085	1,991,294	-	2,255,379
Total assets	<u>\$ 58,652,292</u>	<u>\$ 63,915,076</u>	<u>\$ (4,828,478)</u>	<u>\$ 117,738,890</u>
<b>LIABILITIES AND NET ASSETS</b>				
Liabilities				
Accounts payable and accrued expenses	\$ 3,061,249	\$ -	\$ -	\$ 3,061,249
Due To UWMD	-	3,798,090	(3,798,090)	-
Due To Foundation	1,030,388	-	(1,030,388)	-
Grants and allocations payable	7,500,000	-	-	7,500,000
Custodian liability	-	465,500	-	465,500
Notes payable	-	-	-	-
Donor designations payable	1,095,228	-	-	1,095,228
Total liabilities	12,686,865	4,263,590	(4,828,478)	12,121,977
Net assets				
Without donor restriction	10,566,660	30,407,715	-	40,974,375
With donor restriction	35,398,767	29,243,771	-	64,642,538
Total net assets	45,965,427	59,651,486	-	105,616,913
Total liabilities and net assets	<u>\$ 58,652,292</u>	<u>\$ 63,915,076</u>	<u>\$ (4,828,478)</u>	<u>\$ 117,738,890</u>

United Way of Metropolitan Dallas, Inc. and United Way Foundation of Metropolitan Dallas

CONSOLIDATING STATEMENT OF ACTIVITIES

June 30, 2023

	United Way of Metropolitan Dallas, Inc.			United Way Foundation of Metropolitan Dallas, Inc.			Eliminations	Consolidated		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		Without Donor Restrictions	With Donor Restrictions	Consolidated Total
<b>Public support and revenue</b>										
Gross campaign results	\$ 13,120,632	\$ 6,984,091	\$ 20,104,723	\$ -	\$ -	\$ -	\$ (368,635)	\$ 12,751,997	\$ 6,984,091	\$ 19,736,088
Less donor designations	-	(3,938,230)	(3,938,230)	-	-	-	-	-	(3,938,230)	(3,938,230)
Less provision for uncollectible pledges	-	(1,032,999)	(1,032,999)	-	-	-	-	-	(1,032,999)	(1,032,999)
Net campaign contributions	13,120,632	2,012,862	15,133,494	-	-	-	(368,635)	12,751,997	2,012,862	14,764,859
Designations contributed from other campaigns	20,588	53,396	73,984	-	-	-	-	20,588	53,396	73,984
Other contributions	3,359,390	32,651,649	36,011,039	2,489,986	135,791	2,625,777	(2,500,000)	3,349,376	32,787,440	36,136,816
Contributed goods and services	727,745	-	727,745	-	-	-	-	727,745	-	727,745
Grant revenue	-	12,242,693	12,242,693	-	-	-	-	-	12,242,693	12,242,693
Program service fees	474,340	-	474,340	-	-	-	-	474,340	-	474,340
Interest and dividends	154,881	-	154,881	634,413	531,140	1,165,553	-	789,294	531,140	1,320,434
Net realized and unrealized gain (loss) on investments	-	-	-	2,981,949	2,512,560	5,494,509	-	2,981,949	2,512,560	5,494,509
Change in value of beneficial interests held in trusts	-	1,658,409	1,658,409	-	-	-	-	-	1,658,409	1,658,409
Other income (loss)	890,087	-	890,087	-	(350,000)	(350,000)	-	890,087	(350,000)	540,087
Net assets released for satisfaction of time restrictions	14,039,708	(14,039,708)	-	1,229,950	(1,229,950)	-	-	15,269,658	(15,269,658)	-
Net assets released for satisfaction of purpose restrictions	16,667,433	(16,667,433)	-	714,231	(714,231)	-	-	17,381,664	(17,381,664)	-
Total public support and revenue	49,454,804	17,911,868	67,366,672	8,050,529	885,310	8,935,839	(2,868,635)	54,636,698	18,797,178	73,433,876
<b>Grants and expenses</b>										
Program services										
Gross distributions to agencies	35,946,562	-	35,946,562	-	-	-	-	35,946,562	-	35,946,562
Less: donor designations to agencies	(2,905,821)	-	(2,905,821)	-	-	-	-	(2,905,821)	-	(2,905,821)
Net allocations granted to agency programs	33,040,741	-	33,040,741	-	-	-	-	33,040,741	-	33,040,741
Other program expenses	10,696,258	-	10,696,258	2,307,210	-	2,307,210	(2,155,679)	10,847,789	-	10,847,789
Total program services	43,736,999	-	43,736,999	2,307,210	-	2,307,210	(2,155,679)	43,888,530	-	43,888,530
Supporting services										
Fundraising	5,266,382	-	5,266,382	791,609	-	791,609	(463,667)	5,594,324	-	5,594,324
Management and general	2,972,693	-	2,972,693	249,289	-	249,289	(249,289)	2,972,693	-	2,972,693
Total supporting services	8,239,075	-	8,239,075	1,040,898	-	1,040,898	(712,956)	8,567,017	-	8,567,017
Total expenses	51,976,074	-	51,976,074	3,348,108	-	3,348,108	(2,868,635)	52,455,547	-	52,455,547
<b>CHANGE IN NET ASSETS</b>	<u>(2,521,270)</u>	<u>17,911,868</u>	<u>15,390,598</u>	<u>4,702,421</u>	<u>885,310</u>	<u>5,587,731</u>	<u>-</u>	<u>2,181,151</u>	<u>18,797,178</u>	<u>20,978,329</u>
Net assets, beginning of year	13,087,930	17,486,899	30,574,829	25,705,294	28,358,461	54,063,755	-	38,793,224	45,845,360	84,638,584
Net assets, end of year	\$ 10,566,660	\$ 35,398,767	\$ 45,965,427	\$ 30,407,715	\$ 29,243,771	\$ 59,651,486	\$ -	\$ 40,974,375	\$ 64,642,538	\$ 105,616,913