

Financial Statements and Report of  
Independent Certified Public  
Accountants

**United Way Foundation of Metropolitan Dallas**

June 30, 2022 and 2021

**Contents**

Page

Report of Independent Certified Public Accountants	3
Financial Statements	
Statements of financial position	5
Statement of activities	6
Statement of functional expenses	8
Statements of cash flows	10
Notes to financial statements	11

---

**GRANT THORNTON LLP**

1717 Main St., Suite 1800  
Dallas, TX 75201-4657

**D** +1 214 561 2300

**F** +1 214 561 2370

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors  
United Way Foundation of Metropolitan Dallas

### Report on the financial statements

#### Opinion

We have audited the accompanying financial statements of United Way Foundation of Metropolitan Dallas (the "Foundation"), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2022 and 2021, 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 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 Foundation 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 financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable

assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 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 Foundation'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 Foundation'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.

*Grant Thornton LLP*

Dallas, Texas  
December 1, 2022

**United Way Foundation of Metropolitan Dallas**

**STATEMENTS OF FINANCIAL POSITION**

**Years ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash	\$ 369,198	\$ 87,299
Investments, at fair value	49,682,629	56,679,078
Pledges receivable, net	2,487,262	2,174,287
Custodian Asset	465,500	-
Due from UWMD	2,610,836	265,884
Note receivable	406,531	382,030
Other assets	<u>1,605,004</u>	<u>1,297,737</u>
Total assets	<u>\$ 57,626,960</u>	<u>\$ 60,886,315</u>
<b>LIABILITIES AND NET ASSETS</b>		
Custodian Liability	\$ 465,500	\$ -
Due to UWMD	<u>3,097,705</u>	<u>2,709,274</u>
Total Liabilities	3,563,205	2,709,274
<b>Net assets</b>		
Without donor restriction	25,705,294	29,376,943
With donor restriction	<u>28,358,461</u>	<u>28,800,098</u>
Total net assets	<u>54,063,755</u>	<u>58,177,041</u>
Total liabilities and net assets	<u>\$ 57,626,960</u>	<u>\$ 60,886,315</u>

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

**United Way Foundation of Metropolitan Dallas**

**STATEMENT OF ACTIVITIES**

**Year ended June 30, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue</b>			
Contributions	\$ 2,345,389	\$ 4,284,610	\$ 6,629,999
Net realized and unrealized loss on investments	(5,525,055)	(3,347,803)	(8,872,858)
Interest and dividends	663,462	505,896	1,169,358
Other revenue	9,500	-	9,500
Net assets released for satisfaction of time restrictions	1,185,788	(1,185,788)	-
Net assets released for satisfaction of purpose restrictions	698,552	(698,552)	-
	<hr/>	<hr/>	<hr/>
Total revenue	(622,364)	(441,637)	(1,064,001)
<b>Expenses</b>			
Program services	2,200,644	-	2,200,644
Support services			
Fundraising	656,217	-	656,217
Management and general	192,424	-	192,424
	<hr/>	<hr/>	<hr/>
Total supporting services	848,641	-	848,641
	<hr/>	<hr/>	<hr/>
Total expenses	3,049,285	-	3,049,285
	<hr/>	<hr/>	<hr/>
<b>CHANGE IN NET ASSETS</b>	(3,671,649)	(441,637)	(4,113,286)
Net assets, beginning of year	29,376,943	28,800,098	58,177,041
	<hr/>	<hr/>	<hr/>
Net assets, end of year	\$ 25,705,294	\$ 28,358,461	\$ 54,063,755
	<hr/>	<hr/>	<hr/>

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

United Way Foundation of Metropolitan Dallas

STATEMENT OF ACTIVITIES

Year ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue</b>			
Contributions	\$ 134,207	\$ 1,470,105	\$ 1,604,312
Net realized and unrealized gain on investments	6,162,461	5,473,978	11,636,439
Interest and dividends	509,101	423,106	932,207
Net assets released for satisfaction of time restrictions	1,357,554	(1,357,554)	-
Net assets released for satisfaction of purpose restrictions	120,204	(120,204)	-
Total revenue	8,283,527	5,889,431	14,172,958
<b>Expenses</b>			
Program services	2,332,696	-	2,332,696
Support services			
Fundraising	381,740	-	381,740
Management and general	191,393	-	191,393
Total supporting services	573,133	-	573,133
Total expenses	2,905,829	-	2,905,829
<b>CHANGE IN NET ASSETS</b>	5,377,698	5,889,431	11,267,129
Net assets, beginning of year	23,999,245	22,910,667	46,909,912
Net assets, end of year	\$ 29,376,943	\$ 28,800,098	\$ 58,177,041

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

**United Way Foundation of Metropolitan Dallas**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year ended June 30, 2022**

	<u>Program Services</u>	<u>Supporting Services</u>			
	<u>Community Investment</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>	
Gross distributions to UWMD	\$ 2,187,644	\$ 264,932	\$ 192,424	\$ 457,356	\$ 2,645,000
Gross distributions to agencies	13,000	-	-	-	13,000
Net allocations granted to agency programs	<u>2,200,644</u>	<u>264,932</u>	<u>192,424</u>	<u>457,356</u>	<u>2,658,000</u>
Professional fees	-	-	-	-	-
Life Insurance Premiums	-	391,285	-	391,285	391,285
Total	<u>\$ 2,200,644</u>	<u>\$ 656,217</u>	<u>\$ 192,424</u>	<u>\$ 848,641</u>	<u>\$ 3,049,285</u>

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



United Way Foundation of Metropolitan Dallas

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2021

	<u>Program Services</u>	<u>Supporting Services</u>			<u>2021 Total</u>
	<u>Community Investment</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>	
Gross distributions to UWMD	\$ 2,202,696	\$ 207,069	\$ 190,235	\$ 397,304	\$ 2,600,000
Gross distributions to agencies	130,000	-	-	-	130,000
Net allocations granted to agency programs	<u>2,332,696</u>	<u>207,069</u>	<u>190,235</u>	<u>397,304</u>	<u>2,730,000</u>
Professional fees	-	-	1,158	1,158	1,158
Insurance	-	174,671	-	174,671	174,671
Total	<u>\$ 2,332,696</u>	<u>\$ 381,740</u>	<u>\$ 191,393</u>	<u>\$ 573,133</u>	<u>\$ 2,905,829</u>

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

**United Way Foundation of Metropolitan Dallas**

**STATEMENTS OF CASH FLOWS**

**Years ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (4,113,286)	\$ 11,267,129
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Proceeds from contributions restricted for long-term purposes	(458,673)	(1,240,324)
Net realized and unrealized loss/(gain) on investments	8,872,858	(11,636,439)
Life insurance premiums expense	391,285	174,671
Changes in assets and liabilities		
Pledges receivable	(312,975)	37,075
Due From UWMD	(2,344,952)	249,818
Due to UWMD	388,431	(488,501)
Other assets	<u>(50,000)</u>	<u>(50,000)</u>
Net cash provided by (used in) operating activities	<u>2,372,688</u>	<u>(1,686,571)</u>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(11,516,366)	(26,742,678)
Proceeds from sales or maturities of investments	9,639,957	27,295,139
Accrued Interest on Note Receivable	(24,501)	(32,030)
Purchase of life insurance policy	<u>(648,552)</u>	<u>(586,019)</u>
Net cash used in investing activities	<u>(2,549,462)</u>	<u>(65,588)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from contributions restricted for long-term purposes	<u>458,673</u>	<u>1,240,324</u>
Net cash provided by financing activities	<u>458,673</u>	<u>1,240,324</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>281,899</u>	<u>(511,835)</u>
<b>Cash, beginning of year</b>	<u>87,299</u>	<u>599,134</u>
<b>Cash, end of year</b>	<u>\$ 369,198</u>	<u>\$ 87,299</u>

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

**United Way Foundation of Metropolitan Dallas**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

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

The 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 the United Way of Metropolitan Dallas, Inc. (the "United Way" or "UWMD"). The Foundation is governed by a volunteer Board of Directors (the "Board"), which is appointed by the Board of Directors of the United Way. The Foundation receives both restricted gifts and unrestricted gifts. However, the Board's intent is to treat all contributions without donor restrictions 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 the United Way's financial statements.

***Basis of Presentation***

The accompanying financial statements of the Foundation are prepared on the accrual basis of accounting.

***Cash***

The Foundation places its cash with high quality financial institutions, which cash balances, at times, may exceed federally insured limits. The Foundation has not experienced any losses on such accounts.

***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 statements of activities. Earnings from investments are recorded as interest and dividends and are reflected in the statements of activities.

***Pledges Receivable and Contributions***

Contributions are recorded at their estimated fair value when received.

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. An allowance for uncollectible pledges is estimated based on recent historical experience, as well as other factors anticipated to affect collections. Provisions for losses, if any, are charged to change in net assets and credited to the allowance. There was no allowance for contributions receivable as of June 30, 2022 and 2021.

***Due to/from UWMD***

Amounts due from UWMD represent contributions to the Foundation, which are processed through UWMD, then transferred to the Foundation.

Amounts due to UWMD represent the accrual of the annual Foundation grant of \$2,500,000 and reimbursement of expenses, consisting primarily of life insurance policy payments.

***Life Insurance Policy***

As part of a planned giving program, the Foundation has purchased 53 life insurance policies on behalf of donors. Sixteen and one new policies were purchased during fiscal years ended June 30, 2022 and 2021, 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.

**United Way Foundation of Metropolitan Dallas**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2022 and 2021**

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 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 statements of activities.

***Income Taxes***

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Thus, no provision for income taxes is included in the accompanying financial statements.

The Foundation follows the accounting guidance for accounting for uncertainty in income taxes, recognizing the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Foundation applied the uncertain tax position guidance to all tax positions for which the statute of limitations remained open and determined there were no material unrecognized tax benefits as of that date. The Foundation does not believe there is any uncertainty with respect to the tax position that would result in a material change to the financial statements.

The Foundation is subject to federal and state income taxes to the extent it has unrelated business income. In accordance with the guidance for uncertainty in income taxes, management has evaluated its material tax positions and determined that there are no material income tax effects with respect to its financial statements. Management has determined that there is no material unrelated business income to report for the Foundation and has not historically filed any unrelated business income tax returns. Therefore, tax years remain open for years in which an income tax return has not been filed.

There were no interest or penalties related to income taxes that have been accrued or recognized as of and for the years ended June 30, 2022 and 2021.

***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 or donor advised funds.

***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 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 statements 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 statements of activities. For contributions maintained in perpetuity, only the investment return on the original principal is available for use according to donor restrictions.

***Functional Allocation of Expenses***

The statements of functional expenses reflect the costs of providing the various programs and other activities.

**United Way Foundation of Metropolitan Dallas**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2022 and 2021**

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“US GAAP”) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**NOTE B - INVESTMENTS AND FAIR VALUE**

The Foundation records its financial instruments in accordance with the fair value guidance as established by the Financial Accounting Standards Board. In accordance with this guidance, fair value is defined as the price the Foundation 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 inputs used in determining the value of the Foundation’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 fixed income mutual funds, equity 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.
- 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. These financial instruments have inputs that cannot be validated by readily determinable market data and generally involve considerable judgment by management.

The Foundation does not have Level 2 or 3 assets or liabilities.

The fair value of investments at June 30 is summarized as follows:

	2022	2021
Equity mutual funds	\$ 35,966,612	\$ 42,646,322
Fixed income mutual funds	13,091,016	14,005,611
Money market funds	625,001	27,145
Total	\$ 49,682,629	\$ 56,679,078

A professional investment advisor manages the investments with periodic review by United Way management and the Foundation Investment Committee with approval by the Board. Investment fees of \$61,323 and \$58,357 were incurred for the years ending June 30, 2022 and 2021, respectively, and are included in net realized and unrealized gain on investments in the accompanying statements of activities. Management of the United Way does not believe these investments pose unusual market or credit risks.

**United Way Foundation of Metropolitan Dallas**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2022 and 2021**

**NOTE C - 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 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 settlements, and contributions not supported by an endowment agreement.

***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 as 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, (5) the expected total return from income and the appreciation of investments, and (6) other resources of the Foundation.

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>

**United Way Foundation of Metropolitan Dallas**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2022 and 2021**

Changes in endowment net assets for the year ended June 30, 2022 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	\$ 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>

Endowment net asset composition by type of fund consists of the following as of June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions			Total
		Original Gift Amount	Accumulated Gains (Losses) and Other	Total With Donor Restrictions	
Donor-restricted endowment funds	\$ -	\$ 20,401,801	\$ 6,071,288	\$ 26,473,089	\$ 26,473,089
Board-designated endowment funds	28,099,242	-	-	-	28,099,242
Total endowment net assets	<u>\$ 28,099,242</u>	<u>\$ 20,401,801</u>	<u>\$ 6,071,288</u>	<u>\$ 26,473,089</u>	<u>\$ 54,572,331</u>

**United Way Foundation of Metropolitan Dallas**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2022 and 2021**

Changes in endowment net assets for the year ended June 30, 2021 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	\$ 22,914,945	\$ 18,720,751	\$ 2,229,977	\$ 20,950,728	\$ 43,865,673
Investment return:					
Investment income	477,071	-	423,106	423,106	900,177
Net appreciation (unrealized and realized)	6,162,461	-	5,473,978	5,473,978	11,636,439
Total investment return	6,639,532	-	5,897,084	5,897,084	12,536,616
Contributions	136,312	1,681,050	(440,726)	1,240,324	1,376,636
Appropriation of assets for expenditure	(1,591,547)	-	(1,615,047)	(1,615,047)	(3,206,594)
Endowment net assets, end of year	<u>\$ 28,099,242</u>	<u>\$ 20,401,801</u>	<u>\$ 6,071,288</u>	<u>\$ 26,473,089</u>	<u>\$ 54,572,331</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 with donor restrictions 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, the Foundation 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's distribution to United Way for the years ended June 30, 2022 and 2021 is \$2,500,000 and is allocated between program and support services in the accompanying



**United Way Foundation of Metropolitan Dallas**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2022 and 2021**

statements of activities. This was approved by the Foundation's Board during the fiscal years ended June 30, 2022 and 2021 and is reported in the Due to UWMD.

On the related statement of activities for the years ended June 30, 2022 and 2021, this distribution amount is reflected in three-line items. The approved reimbursement to UWMD of \$192,424 and \$190,235 for management and general expenses, \$264,932 and \$207,069 for fundraising expenses, and \$2,187,644 and \$2,202,696 for community investment, for the years ended June 30, 2022 and 2021, respectively.

***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, 2022, there were two named endowments that had fallen slightly below their original gift amount. These were approximately \$18,522 under the contributed amount. There were no amount of funds that had fallen below their original gift value as of June 30, 2021. United Way policy is to refrain from spending until the fair market value is greater than the original contribution.

**NOTE D - PLEDGES RECEIVABLE**

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	Pledges Receivable Balance, Net
With donor restrictions	\$ 1,310,669	\$ 1,420,000	\$ 70,000	\$ 2,800,669
Less unamortized present value discount	<u>(77,758)</u>	<u>(216,259)</u>	<u>(19,390)</u>	<u>(313,407)</u>
Total pledges receivable, net	<u>\$ 1,232,911</u>	<u>\$ 1,203,741</u>	<u>\$ 50,610</u>	<u>\$ 2,487,262</u>

The rates used for calculation of the discount was 3.25% to 5.5% as receivable as of June 30, 2022.

Pledges receivable as of June 30, 2021 are summarized as follows:

	Pledges Due in Less Than 1 Year	Pledges Due Within 1 To 5 Years	Pledges Due More Than 5 Years	Pledges Receivable Balance, Net
With donor restrictions	\$ 841,294	\$ 1,500,000	\$ 175,000	\$ 2,516,294
Less unamortized present value discount	<u>(65,801)</u>	<u>(224,768)</u>	<u>(51,438)</u>	<u>(342,007)</u>
Total pledges receivable, net	<u>\$ 775,493</u>	<u>\$ 1,275,232</u>	<u>\$ 123,562</u>	<u>\$ 2,174,287</u>

The rates used for calculation of the discount was 3.25% to 5.5% as receivable as of June 30, 2021.

**United Way Foundation of Metropolitan Dallas**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2022 and 2021**

**NOTE E - NOTE RECEIVABLE**

The Foundation holds a convertible promissory note as of June 30, 2022 and 2021 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.

As of June 30, 2022 and 2021, the note receivable outstanding is \$350,000. The note bears interest of 7%. As of June 30, 2022, the note has accrued interest of \$56,531. The note can be converted into company shares in three different ways. If a sale of a minimum of \$3,000,000 in preferred shares occurs prior to the maturity date, the note will automatically convert to shares in the company. If a sale of less than \$3,000,000 in preferred shares occurs prior to the maturity date, December 31, 2022, the Foundation has the option to convert the note to shares in the company. If no sale has occurred at the maturity date, the majority note holders have the right to convert the outstanding balance to shares. If the note has not been converted to shares as of the maturity date, the principal and interest shall be due and payable in full.

**NOTE F - LIQUIDITY AND AVAILABILITY**

The following table reflects the Foundation's financial assets as of June 30, 2022 and 2021 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.

	June 30,	
	2022	2021
Financial assets:		
Cash	\$ 369,198	\$ 87,299
Investments, at fair value	49,682,629	56,679,078
Total financial assets	50,051,827	56,766,377
Less assets unavailable for general expenditure within one year, due to:		
Board-designated endowment	(24,092,251)	(28,099,242)
Donor restricted endowment	(23,447,785)	(26,473,089)
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,511,791	\$ 2,194,046

**NOTE G - 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 \$465,500 as of June 30, 2022 and \$0 as of June 30, 2021, and are reflected as custodian asset and liability in the statement of financial position. All funds were held in cash.

**United Way Foundation of Metropolitan Dallas**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**June 30, 2022 and 2021**

**NOTE H - SUBSEQUENT EVENTS**

The Foundation has evaluated its financial statements for subsequent events through December 1, 2022, the date the financial statements were available to be issued. The Foundation is not aware of any such events which would require recognition or disclosure in the financial statements.