

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, 2025 and 2024

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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, 2025 and 2024, and the related consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of United Way as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits 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 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 consolidated 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, 2025 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 13, 2026

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30,

	2025	2024
ASSETS		
Cash and cash equivalents	\$ 5,213,384	\$ 4,483,662
Pledges receivable, net		
Campaign pledges receivable, net	8,832,311	8,285,651
Other pledges receivable, net	<u>19,574,817</u>	<u>18,093,227</u>
Total pledges receivable, net	28,407,128	26,378,878
Prepaid expenses and accounts receivable	758,085	410,059
Investments, at fair value	77,675,460	75,236,144
Custodian asset	-	65,500
Beneficial interests held in trusts	13,125,445	12,453,340
Land, building and equipment, net	4,011,270	4,001,921
Other assets	<u>2,842,693</u>	<u>2,599,361</u>
Total assets	<u><u>\$ 132,033,465</u></u>	<u><u>\$ 125,628,865</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 2,084,163	\$ 2,384,107
Grants and allocations payable	7,750,000	7,520,398
Custodian liability	-	65,500
Donor designations payable	<u>633,425</u>	<u>1,092,109</u>
Total liabilities	10,467,588	11,062,114
Net assets		
Without donor restriction	40,410,296	44,583,681
With donor restriction	<u>81,155,581</u>	<u>69,983,070</u>
Total net assets	<u>121,565,877</u>	<u>114,566,751</u>
Total liabilities and net assets	<u><u>\$ 132,033,465</u></u>	<u><u>\$ 125,628,865</u></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, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue			
Gross campaign results	\$ 10,653,435	\$ 11,963,896	\$ 22,617,331
Less: donor designations	-	(5,589,345)	(5,589,345)
Less: provision for uncollectible pledges	-	(1,060,109)	(1,060,109)
Net campaign contributions	10,653,435	5,314,442	15,967,877
Designations contributed from other campaigns	109,059	39,002	148,061
Other contributions	2,550,824	20,500,342	23,051,166
Contributed goods and services	67,771	-	67,771
Grant revenue	-	6,829,584	6,829,584
Program service fees	158,595	-	158,595
Interest and dividends	1,264,358	710,871	1,975,229
Net realized and unrealized gain on investments	3,620,035	3,220,232	6,840,267
Change in value of beneficial interests held in trusts	-	672,105	672,105
Other income	81,365	-	81,365
Net assets released for satisfaction of time restrictions	5,457,958	(5,457,958)	-
Net assets released for satisfaction of purpose restrictions	20,656,109	(20,656,109)	-
Total public support and revenue	44,619,509	11,172,511	55,792,020
Grants and expenses			
Program services			
Gross distributions to agencies	28,747,350	-	28,747,350
Less: donor designations to agencies	(3,987,490)	-	(3,987,490)
Net allocations granted to agency programs	24,759,860	-	24,759,860
Other program expenses	11,687,439	-	11,687,439
Total program services	36,447,299	-	36,447,299
Supporting services			
Fundraising	7,471,758	-	7,471,758
Management and general	4,873,837	-	4,873,837
Total supporting services	12,345,595	-	12,345,595
Total expenses	48,792,894	-	48,792,894
CHANGE IN NET ASSETS	(4,173,385)	11,172,511	6,999,126
Net assets, beginning of year	44,583,681	69,983,070	114,566,751
Net assets, end of year	<u>\$ 40,410,296</u>	<u>\$ 81,155,581</u>	<u>\$ 121,565,877</u>

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, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue			
Gross campaign results	\$ 7,906,555	\$ 12,757,310	\$ 20,663,865
Less: donor designations	-	(3,891,502)	(3,891,502)
Less: provision for uncollectible pledges	-	(1,451,838)	(1,451,838)
Net campaign contributions	7,906,555	7,413,970	15,320,525
Designations contributed from other campaigns	176,948	125,457	302,405
Other contributions	3,625,153	19,241,138	22,866,291
Contributed goods and services	397,615	-	397,615
Grant revenue	-	9,935,044	9,935,044
Program service fees	490,298	-	490,298
Interest and dividends	1,141,513	717,359	1,858,872
Net realized and unrealized gain on investments	3,613,305	3,479,230	7,092,535
Change in value of beneficial interests held in trusts	-	4,324	4,324
Other income	62,967	-	62,967
Net assets released for satisfaction of time restrictions	12,512,178	(12,512,178)	-
Net assets released for satisfaction of purpose restrictions	23,063,812	(23,063,812)	-
Total public support and revenue	52,990,344	5,340,532	58,330,876
Grants and expenses			
Program services			
Gross distributions to agencies	31,243,271	-	31,243,271
Less: donor designations to agencies	(2,149,633)	-	(2,149,633)
Net allocations granted to agency programs	29,093,638	-	29,093,638
Other program expenses	10,376,919	-	10,376,919
Total program services	39,470,557	-	39,470,557
Supporting services			
Fundraising	6,565,482	-	6,565,482
Management and general	3,344,999	-	3,344,999
Total supporting services	9,910,481	-	9,910,481
Total expenses	49,381,038	-	49,381,038
CHANGE IN NET ASSETS	3,609,306	5,340,532	8,949,838
Net assets, beginning of year	40,974,375	64,642,538	105,616,913
Net assets, end of year	<u>\$ 44,583,681</u>	<u>\$ 69,983,070</u>	<u>\$ 114,566,751</u>

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, 2025

	Program Services			Supporting Services			2025
	Community Investment	Special Initiatives	Total	Fundraising	Management and General	Total	Total
Gross distributions to agencies	20,664,346	8,083,004	\$ 28,747,350	\$ -	\$ -	\$ -	\$ 28,747,350
Less: donor designations to agencies	(3,987,490)	-	(3,987,490)	-	-	-	(3,987,490)
Net allocations granted to agency programs	16,676,856	8,083,004	24,759,860	-	-	-	24,759,860
Salaries and wages	2,380,627	2,254,968	4,635,595	3,187,584	2,813,041	6,000,625	10,636,220
Employee benefits	241,548	300,146	541,694	336,239	421,815	758,054	1,299,748
Professional fees	1,366,637	1,127,266	2,493,903	1,860,591	989,889	2,850,480	5,344,383
Supplies	3,065	3,964	7,029	5,838	4,530	10,368	17,397
Telephone	44,581	5,682	50,263	29,571	24,318	53,889	104,152
Postage	433	17,285	17,718	2,800	3,861	6,661	24,379
Occupancy	76,344	90,079	166,423	39,167	18,075	57,242	223,665
Equipment rental and maintenance	306,956	53,274	360,230	192,103	173,937	366,040	726,270
Media and printing	492,109	691,594	1,183,703	326,582	281,320	607,902	1,791,605
Mileage reimbursement	8,388	18,940	27,328	3,949	547	4,496	31,824
Travel	9,004	29,671	38,675	300	5,362	5,662	44,337
Conferences and meetings	88,606	472,031	560,637	1,080,667	4,004	1,084,671	1,645,308
Awards	2,103	11,540	13,643	17,226	6,929	24,155	37,798
Subscriptions and dues	174,458	113,625	288,083	61,262	57,193	118,455	406,538
Insurance	53,641	60,640	114,281	237,050	12,354	249,404	363,685
Other fees	723,752	21,019	744,771	625	(11)	614	745,385
Depreciation expense	274,921	168,542	443,463	90,204	56,673	146,877	590,340
Total	\$ 22,924,029	\$ 13,523,270	\$ 36,447,299	\$ 7,471,758	\$ 4,873,837	\$ 12,345,595	\$ 48,792,894

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, 2024

	Program Services			Supporting Services			
	Community Investment	Special Initiatives	Total	Fundraising	Management and General	Total	2024 Total
Gross distributions to agencies	\$ 21,294,356	\$ 9,948,915	\$ 31,243,271	\$ -	\$ -	\$ -	\$ 31,243,271
Less: donor designations to agencies	(2,149,633)	-	(2,149,633)	-	-	-	(2,149,633)
Net allocations granted to agency programs	19,144,723	9,948,915	29,093,638	-	-	-	29,093,638
Salaries and wages	2,450,491	2,342,841	4,793,332	3,689,829	1,692,796	5,382,625	10,175,957
Employee benefits	376,647	288,913	665,560	423,014	375,204	798,218	1,463,778
Professional fees	1,243,808	413,897	1,657,705	660,794	967,999	1,628,793	3,286,498
Supplies	1,944	10,839	12,783	4,896	5,483	10,379	23,162
Telephone	32,021	4,403	36,424	20,905	12,907	33,812	70,236
Postage	742	11,985	12,727	3,431	4,808	8,239	20,966
Occupancy	69,840	79,812	149,652	33,425	16,466	49,891	199,543
Equipment rental and maintenance	254,545	313,979	568,524	179,523	129,675	309,198	877,722
Media and printing	624,697	438,694	1,063,391	336,456	18,104	354,560	1,417,951
Mileage reimbursement	13,950	13,391	27,341	6,186	1,108	7,294	34,635
Travel	4,640	11,601	16,241	19,928	3,380	23,308	39,549
Conferences and meetings	12,259	270,860	283,119	742,620	13,401	756,021	1,039,140
Awards	2,416	12,536	14,952	16,950	10,949	27,899	42,851
Subscriptions and dues	210,909	127,464	338,373	52,503	38,551	91,054	429,427
Insurance	43,295	48,255	91,550	292,078	9,866	301,944	393,494
Other fees	76,043	42,587	118,630	3,209	1,871	5,080	123,710
Depreciation expense	342,037	184,578	526,615	79,735	42,431	122,166	648,781
Total	\$ 24,905,007	\$ 14,565,550	\$ 39,470,557	\$ 6,565,482	\$ 3,344,999	\$ 9,910,481	\$ 49,381,038

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,

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ 6,999,126	\$ 8,949,838
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Proceeds from contributions restricted for long-term purposes	(379,589)	(1,773,240)
Depreciation	590,340	648,781
Net realized and unrealized gain on investments	(6,840,267)	(7,092,535)
Life insurance premiums expense	211,967	272,047
Change in value of beneficial interests held in trusts	(672,105)	(4,324)
Changes in operating assets and liabilities:		
Campaign pledges receivable	(546,660)	2,172,244
Custodian asset	65,500	400,000
Other pledges receivable	(1,481,590)	2,834,763
Prepaid expenses and accounts receivable	(348,026)	(135,685)
Other assets	(25,216)	36,550
Accounts payable and accrued expenses	(299,944)	(677,142)
Custodian liability	(65,500)	(400,000)
Grants and allocations payable	229,602	20,398
Donor designations payable	(458,684)	(3,119)
Net cash provided by (used in) operating activities	(3,021,046)	5,248,576
Cash flows from investing activities:		
Purchases of investments	(40,707,757)	(29,778,511)
Proceeds from sales or maturities of investments	45,108,708	23,780,989
Purchase of life insurance policy	(430,083)	(652,579)
Purchase of equipment and building improvements	(599,689)	(154,225)
Net cash provided by (used in) investing activities	3,371,179	(6,804,326)
Cash flows from financing activities:		
Proceeds from contributions restricted for long-term purposes	379,589	1,773,240
Net cash provided by financing activities	379,589	1,773,240
NET INCREASE IN CASH AND CASH EQUIVALENTS	729,722	217,490
Cash and cash equivalents, beginning of year	4,483,662	4,266,172
Cash and cash equivalents, end of year	\$ 5,213,384	\$ 4,483,662

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, 2025 and 2024

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 100 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, 2025 and 2024

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 \$0 and \$65,500 as of June 30, 2025 and 2024, respectively, 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 62 life insurance policies on behalf of donors. Two and six new policies were purchased during fiscal years ended June 30, 2025 and 2024, 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 ("U.S. 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, 2025 and 2024, 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

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 \$564,000 and \$461,000 for the years ended June 30, 2025 and 2024, 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 Internal Revenue Code 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 may be considered tax positions. United Way and the Foundation have determined that

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

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.

NOTE B - PLEDGES RECEIVABLE

Pledges receivable as of June 30, 2025 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:						
2025 United Way Campaign	\$ 612,000	\$ -	\$ -	\$ -	\$ -	\$ 612,000
2024 United Way Campaign	7,563,943	-	-	-	(1,214,720)	6,349,223
2023 United Way Campaign	<u>2,915,528</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,044,440)</u>	<u>1,871,088</u>
Subtotal	11,091,471	-	-	-	(2,259,160)	8,832,311
Other pledges receivable:						
Sponsorships and other	5,510,873	9,991,417	2,455,000	(1,871,091)	-	16,086,199
Foundation life insurance premium gift	134,225	90,710	-	(7,118)	-	217,817
Foundation endowment gift	<u>1,310,537</u>	<u>1,632,000</u>	<u>855,000</u>	<u>(526,736)</u>	<u>-</u>	<u>3,270,801</u>
Subtotal	<u>6,955,635</u>	<u>11,714,127</u>	<u>3,310,000</u>	<u>(2,404,945)</u>	<u>-</u>	<u>19,574,817</u>
Total pledges receivable, net	<u>\$ 18,047,106</u>	<u>\$ 11,714,127</u>	<u>\$ 3,310,000</u>	<u>\$ (2,404,945)</u>	<u>\$ (2,259,160)</u>	<u>\$ 28,407,128</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

Pledges receivable as of June 30, 2024 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:						
2024 United Way Campaign	\$ 13,393	\$ -	\$ -	\$ -	\$ -	\$ 13,393
2023 United Way Campaign	9,058,481	-	-	-	(1,044,439)	8,014,042
2022 United Way Campaign	1,252,876	-	-	-	(994,660)	258,216
Subtotal	10,324,750	-	-	-	(2,039,099)	8,285,651
Other pledges receivable:						
Sponsorships and other	5,938,748	10,817,000	955,000	(2,036,603)	-	15,674,145
Foundation life insurance premium gift	107,604	286,472	-	(23,927)	-	370,149
Foundation endowment gift	808,009	1,474,000	35,000	(268,076)	-	2,048,933
Subtotal	6,854,361	12,577,472	990,000	(2,328,606)	-	18,093,227
Total pledges receivable, net	<u>\$ 17,179,111</u>	<u>\$ 12,577,472</u>	<u>\$ 990,000</u>	<u>\$ (2,328,606)</u>	<u>\$ (2,039,099)</u>	<u>\$ 26,378,878</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 8.50% at the time the pledges were made for the fiscal years ended June 30, 2025 and 2024.

NOTE C - INVESTMENTS AND FAIR VALUE

	2025	2024
Equity mutual funds	\$ 47,955,842	\$ 47,481,858
Fixed income mutual funds	5,266,644	5,164,229
U.S. treasury securities	19,415,541	12,273,337
Money market funds	5,037,433	10,382,220
Total	<u>\$ 77,675,460</u>	<u>\$ 75,301,644</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

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 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, 2025 and 2024; 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 U.S. GAAP:

Description	Fair Market Measurements at June 30, 2025			June 30, 2025
	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	\$ 47,955,842	\$ -	\$ -	\$ 47,955,842
Fixed income mutual funds	5,266,644	-	-	5,266,644
U.S. treasury securities	19,415,541	-	-	19,415,541
Money market funds	5,037,433	-	-	5,037,433
Beneficial interest held in trusts:				
Split-interest agreements	-	-	13,125,445	13,125,445
Total	<u>\$ 77,675,460</u>	<u>\$ -</u>	<u>\$ 13,125,445</u>	<u>\$ 90,800,905</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

The schedule below summarizes the activity for the year ended June 30, 2025 for the items above which have been classified as Level 3 investments:

	<u>Beneficial Interests Held in Trusts</u>
Beginning balance	\$ 12,453,340
Change in value	<u>672,105</u>
Ending balance	<u>\$ 13,125,445</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 U.S. GAAP:

	<u>Fair Market Measurements at June 30, 2024</u>			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<u>Description</u>				<u>June 30, 2024</u>
Investments:				
Equity mutual funds	\$ 47,481,858	\$ -	\$ -	\$ 47,481,858
Fixed income mutual funds	5,164,229	-	-	5,164,229
U.S. treasury securities	12,273,337	-	-	12,273,337
Money market funds	10,382,220	-	-	10,382,220
Beneficial interest held in trusts:				
Split-interest agreements	<u>-</u>	<u>-</u>	<u>12,453,340</u>	<u>12,453,340</u>
Total	<u>\$ 75,301,644</u>	<u>\$ -</u>	<u>\$ 12,453,340</u>	<u>\$ 87,754,984</u>

The schedule below summarizes the activity for the year ended June 30, 2024 for the items above which have been classified as Level 3 investments:

	<u>Beneficial Interests Held in Trusts</u>
Beginning balance	\$ 12,449,016
Change in value	<u>4,324</u>
Ending balance	<u>\$ 12,453,340</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, 2025 and 2024

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 \$67,225 and \$63,185 were incurred for the years ended June 30, 2025 and 2024, respectively, and are included in net realized and unrealized gain on investments in the accompanying consolidated statements 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 statements of activities.

United Way has received indications of gifts in the form of revocable trusts which are revocable during the donor's lifetime. Due to the uncertain nature of these intentions, United Way has not recognized an asset or contribution revenue for these gifts. United Way is unable to estimate the value of these revocable trusts as of June 30, 2025 and 2024.

NOTE E - LAND, BUILDING AND EQUIPMENT

Land, building and equipment consist of the following:

	2025	2024
Building and improvements	\$ 11,090,887	\$ 11,090,763
Furniture and equipment	2,038,898	1,439,333
	13,129,785	12,530,096
Less: accumulated depreciation	(9,329,774)	(8,739,434)
	3,800,011	3,790,662
Land and improvements	211,259	211,259
Total	\$ 4,011,270	\$ 4,001,921

NOTE F - GRANT ALLOCATIONS AND COMMITMENTS TO AGENCY PROGRAMS

In June 2025, United Way made unconditional pledges to agency programs for community fund grant allocations to be paid for the period beginning July 1, 2025 through December 31, 2025. Additionally, prior to June 30, 2025, United Way made unconditional pledges to agency programs for program initiative grant allocations to be paid July 1, 2025 through June 30, 2026. Accordingly, as of June 30, 2025, a liability of \$7,750,000 was recorded for the unconditional grants pledged and not yet paid as of that date.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

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, 2026 through June 30, 2026, which is conditional upon the results of campaign collections. These conditional pledges total \$7,750,000 and have not been accrued in the consolidated statements of financial position because a firm commitment has not been made.

In June 2024, United Way made unconditional pledges to agency programs for community fund grant allocations to be paid for the period beginning July 1, 2024 through December 31, 2024. Additionally, prior to June 30, 2024, United Way made unconditional pledges to agency programs for program initiative grant allocations to be paid July 1, 2024 through June 30, 2025. Accordingly, as of June 30, 2024, a liability of \$7,520,398 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, 2025 through June 30, 2025, which is conditional upon the results of campaign collections. These conditional pledges total \$7,500,000 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, 2025, United Way received \$0 of grant payments for workforce development. In the year ended June 30, 2024, United Way received \$342,754 of grant payments for workforce development. 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, 2025 in the accompanying consolidated balance sheets. These funds are passed through to partner agencies, and reflected on the consolidated statements 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, 2025, United Way received \$23,649 of grant payments for housing stability. In the year ended June 30, 2024, United Way received \$3,075,461 of grant payments for housing stability. 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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

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, 2025 in the accompanying consolidated balance sheets. These funds are passed through to partner agencies, and reflected on the consolidated statements of activities as gross distributions to agencies.

NOTE I - CONTRIBUTED NONFINANCIAL ASSETS

For the years ended June 30, 2025 and 2024, contributed nonfinancial assets recognized within the consolidated statement of activities in contributed goods and services:

	2025	2024
Legal fees	\$ 17,637	\$ 25,282
Consulting services	-	332,162
Media	50,134	40,171
Total	\$ 67,771	\$ 397,615

Legal and consulting 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.

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

Endowment net asset composition by type of fund consists of the following as of June 30, 2025:

		With Donor Restrictions			
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains (Losses) and Other	Total with Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 25,866,289	\$ 7,860,901	\$ 33,727,190	\$ 33,727,190
Board-designated endowment funds	34,144,386	-	-	-	34,144,386
Total endowment net assets	34,144,386	25,866,289	7,860,901	33,727,190	67,871,576

Endowment net asset composition by type of fund consists of the following as of June 30, 2024:

		With Donor Restrictions			
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains (Losses) and Other	Total with Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 25,486,700	\$ 5,638,969	\$ 31,125,669	\$ 31,125,669
Board-designated endowment funds	32,222,181	-	-	-	32,222,181
Total endowment net assets	32,222,181	25,486,700	5,638,969	31,125,669	63,347,850

Changes in endowment net assets for the year ended June 30, 2025 are as follows:

		With Donor Restrictions			
	Without Donor Restrictions	Original Gift Amounts	Accumulated Gains (Losses) and Other	Total with Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 32,222,181	\$ 25,486,700	\$ 5,638,969	\$ 31,125,669	\$ 63,347,850
Investment return:					
Investment income	799,061	-	710,871	701,871	1,509,932
Net appreciation (unrealized and realized)	3,624,780	-	3,220,232	3,220,232	6,845,012
Total investment return	4,423,841	-	3,931,103	3,931,103	8,354,944
Contributions	1,976	379,589	-	379,589	381,565
Transfers	-	-	-	-	-
Appropriation of assets for expenditure	(2,503,612)	-	(1,709,171)	(1,709,171)	(4,212,783)
Endowment net assets, end of year	\$ 34,144,386	\$ 25,866,289	\$ 7,860,901	\$ 33,727,190	\$ 67,871,576

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

Changes in endowment net assets for the year ended June 30, 2024 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	\$28,942,785	\$ 22,668,586	\$ 3,806,658	\$ 26,475,244	\$ 55,418,029
Investment return:					
Investment income	731,164	-	717,359	717,359	1,448,523
Net appreciation (unrealized and realized)	3,614,547	-	3,479,230	3,479,230	7,093,777
Total investment return	4,345,711	-	4,196,589	4,196,589	8,542,300
Contributions	309,282	1,773,240	-	1,773,240	2,082,522
Transfers	-	1,044,874	(1,044,874)	-	-
Appropriation of assets for expenditure	(1,375,597)	-	(1,319,404)	(1,319,404)	(2,695,001)
Endowment net assets, end of year	\$ 32,222,181	\$25,486,700	\$ 5,638,969	\$31,125,669	\$63,347,850

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, 2025 and 2024 is \$2,528,000 and \$2,500,000, respectively. This was approved by the Foundation Board during the fiscal years ended June 30, 2025 and 2024.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

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, 2025 and 2024, there were no endowments that had fallen below their original gift amount. United Way policy is to refrain from spending until the fair market value is greater than the original contribution.

NOTE K - NET ASSETS

Net assets as of June 30, 2025 are categorized as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Unrestricted	\$ 1,869,531	\$ -	\$ 1,869,531
Unrestricted - Board designated	38,540,765	-	38,540,765
Time-restricted within AR	-	7,831,340	7,831,340
Endowment and other restrictions in Foundation	-	35,144,418	35,144,418
Programs, events, fundraising and other	-	25,054,379	25,054,379
Beneficial interest held in trusts	-	13,125,444	13,125,444
Total net assets	<u>\$ 40,410,296</u>	<u>\$ 81,155,581</u>	<u>\$ 121,565,877</u>

Net assets as of June 30, 2024 are categorized as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Unrestricted	\$ 9,676,667	\$ -	\$ 9,676,667
Unrestricted - Board designated	34,907,014	-	34,907,014
Time-restricted within AR	-	5,439,004	5,439,004
Endowment and other restrictions in Foundation	-	31,559,902	31,559,902
Programs, events, fundraising and other	-	20,530,824	20,530,824
Beneficial interest held in trusts	-	12,453,340	12,453,340
Total net assets	<u>\$ 44,583,681</u>	<u>\$ 69,983,070</u>	<u>\$ 114,566,751</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

NOTE L - LIQUIDITY AND AVAILABILITY

The following table reflects United Way's financial assets as of June 30, 2025 and 2024 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,	
	2025	2024
Financial assets:		
Cash and cash equivalents	\$ 5,213,384	\$ 4,483,662
Investments, at fair value	77,675,460	75,236,144
	<u>\$ 82,888,844</u>	<u>\$ 79,719,806</u>
Less assets unavailable for general expenditure within one year, due to:		
Board-designated endowment	\$ (34,144,386)	\$ (32,222,181)
Donor-restricted endowment	(33,445,179)	(30,605,508)
Time restricted by board not within one year	(25,426)	(63,393)
Donor purpose restriction	<u>(1,313,917)</u>	<u>(8,209,779)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 13,959,936</u>	<u>\$ 8,618,945</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.

NOTE M - RELATED-PARTY TRANSACTIONS

As United Way is an organization that interfaces with many businesses in the Dallas area, the Board includes prominent leaders in the community. Certain board members and their affiliated organizations may provide services for various projects and programs for United Way. Some services are recorded as contributed services in the accompanying consolidated financial statements. For the year ended June 30, 2025, payments to board affiliated organizations totaled approximately \$793,000. Additionally, contributions from members of the Board totaled approximately \$7,703,000 and \$2,530,000 for the years ended June 30, 2025 and 2024, respectively.

NOTE N - EMPLOYEE RETIREMENT PLAN

United Way has a defined contribution 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 \$435,000 and \$448,000 to the Plan for the years ended June 30, 2025 and 2024, respectively.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

NOTE O - SUBSEQUENT EVENTS

United Way has evaluated its consolidated financial statements for subsequent events through January 13, 2026, 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, 2025

	United Way of Metropolitan Dallas, Inc.	United Way Foundation of Metropolitan Dallas	Eliminations	Consolidated
ASSETS				
Cash and cash equivalents	\$ 5,207,344	\$ 6,040	\$ -	\$ 5,213,384
Pledges receivable, net				
Campaign pledges receivable, net	8,832,311	-	-	8,832,311
Other pledges receivable, net	16,086,199	3,488,618	-	19,574,817
Total pledges receivable, net	24,918,510	3,488,618	-	28,407,128
Prepaid expenses and accounts receivable	758,085	-	-	758,085
Due from UWMD/Foundation	4,758,016	2,324,204	(7,082,220)	-
Investments, at fair value	7,591,062	70,084,398	-	77,675,460
Beneficial interests held in trusts	13,125,445	-	-	13,125,445
Land, building and equipment, net	4,011,270	-	-	4,011,270
Other assets	302,754	2,539,939	-	2,842,693
Total assets	<u>\$ 60,672,486</u>	<u>\$ 78,443,199</u>	<u>\$ (7,082,220)</u>	<u>\$ 132,033,465</u>
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	\$ 2,084,163	\$ -	\$ -	\$ 2,084,163
Due to UWMD/Foundation	2,324,204	4,758,016	(7,082,220)	-
Grants and allocations payable	7,750,000	-	-	7,750,000
Donor designations payable	633,425	-	-	633,425
Total liabilities	12,791,792	4,758,016	(7,082,220)	10,467,588
Net assets				
Without donor restriction	1,869,531	38,540,765	-	40,410,296
With donor restriction	46,011,163	35,144,418	-	81,155,581
Total net assets	47,880,694	73,685,183	-	121,565,877
Total liabilities and net assets	<u>\$ 60,672,486</u>	<u>\$ 78,443,199</u>	<u>\$ (7,082,220)</u>	<u>\$ 132,033,465</u>

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

CONSOLIDATING STATEMENT OF ACTIVITIES

June 30, 2025

	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
Public support and revenue										
Gross campaign results	\$ 10,653,435	\$ 11,963,896	\$ 22,617,331	\$ -	\$ -	\$ -	\$ -	\$ 10,653,435	\$ 11,963,896	\$ 22,617,331
Less: donor designations	-	(5,589,345)	(5,589,345)	-	-	-	-	-	(5,589,345)	(5,589,345)
Less: provision for uncollectible pledges	-	(1,060,109)	(1,060,109)	-	-	-	-	-	(1,060,109)	(1,060,109)
Net campaign contributions	10,653,435	5,314,442	15,967,877	-	-	-	-	10,653,435	5,314,442	15,967,877
Designations contributed from other campaigns	109,059	39,002	148,061	-	-	-	-	109,059	39,002	148,061
Other contributions	5,991,437	17,268,522	23,259,959	637,387	3,231,820	3,869,207	(4,078,000)	2,550,824	20,500,342	23,051,166
Contributed goods and services	67,771	-	67,771	-	-	-	-	67,771	-	67,771
Grant revenue	-	6,829,584	6,829,584	-	-	-	-	-	6,829,584	6,829,584
Program service fees	158,595	-	158,595	-	-	-	-	158,595	-	158,595
Interest and dividends	460,432	-	460,432	803,926	710,871	1,514,797	-	1,264,358	710,871	1,975,229
Net realized and unrealized gain (loss) on investments	(4,746)	-	(4,746)	3,624,781	3,220,232	6,845,013	-	3,620,035	3,220,232	6,840,267
Change in value of beneficial interests held in trusts	-	672,105	672,105	-	-	-	-	-	672,105	672,105
Other income	79,365	-	79,365	2,000	-	2,000	-	81,365	-	81,365
Net assets released for satisfaction of time restrictions	4,995,120	(4,995,120)	-	462,838	(462,838)	-	-	5,457,958	(5,457,958)	-
Net assets released for satisfaction of purpose restrictions	17,540,540	(17,540,540)	-	3,115,569	(3,115,569)	-	-	20,656,109	(20,656,109)	-
Total public support and revenue	40,051,008	7,587,995	47,639,003	8,646,501	3,584,516	12,231,017	(4,078,000)	44,619,509	11,172,511	55,792,020
Grants and expenses										
Program services										
Gross distributions to agencies	28,747,350	-	28,747,350	-	-	-	-	28,747,350	-	28,747,350
Less: donor designations to agencies	(3,987,490)	-	(3,987,490)	-	-	-	-	(3,987,490)	-	(3,987,490)
Net allocations granted to agency programs	24,759,860	-	24,759,860	-	-	-	-	24,759,860	-	24,759,860
Other program expenses	10,964,656	-	10,964,656	3,395,783	-	3,395,783	(2,673,000)	11,687,439	-	11,687,439
Total program services	35,724,516	-	35,724,516	3,395,783	-	3,395,783	(2,673,000)	36,447,299	-	36,447,299
Supporting services										
Fundraising	7,259,791	-	7,259,791	1,157,485	-	1,157,485	(945,518)	7,471,758	-	7,471,758
Management and general	4,873,837	-	4,873,837	459,482	-	459,482	(459,482)	4,873,837	-	4,873,837
Total supporting services	12,133,628	-	12,133,628	1,616,967	-	1,616,967	(1,405,000)	12,345,595	-	12,345,595
Total expenses	47,858,144	-	47,858,144	5,012,750	-	5,012,750	(4,078,000)	48,792,894	-	48,792,894
CHANGE IN NET ASSETS	(7,807,136)	7,587,995	(219,141)	3,633,751	3,584,516	7,218,267	-	(4,173,385)	11,172,511	6,999,126
Net assets, beginning of year	9,676,667	38,423,168	48,099,835	34,907,014	31,559,902	66,466,916	-	44,583,681	69,983,070	114,566,751
Net assets, end of year	\$ 1,869,531	\$ 46,011,163	\$ 47,880,694	\$ 38,540,765	\$ 35,144,418	\$ 73,685,183	\$ -	\$ 40,410,296	\$ 81,155,581	\$ 121,565,877