



## **Orange County United Way**

Financial Statements as of and for the  
Years Ended June 30, 2023 and 2022  
And Supplemental Schedule of Expenditures  
Of Federal Awards for the Year Ended  
June 30, 2023

# Orange County's United Way

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## Independent Auditor's Report

The Board of Directors  
Orange County's United Way  
Irvine, California

### *Opinion*

We have audited the financial statements of Orange County's United Way (the "Organization"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the Organization's 2022 financial statements and, in our report dated November 16, 2022, we expressed an unmodified opinion on those financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Orange County's United Way as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.



### ***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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2023 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

BDO USA, P.C.  
November 17, 2023

## Financial Statements

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**Orange County's United Way**  
**Statements of Financial Position**  
**June 30, 2023 (with comparative totals for 2022)**

	June 30, 2023		June 30, 2022	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 7,203,299	\$ -	\$ 7,203,299	\$ 6,352,430
Pledges receivable, net of allowance for uncollectible pledges of \$932,169 and \$827,599, respectively	4,718,329	-	4,718,329	3,126,810
Grants receivable	3,000,511	-	3,000,511	3,815,704
Other current assets	184,798	-	184,798	69,668
<b>Total current assets</b>	<b>15,106,936</b>		<b>15,106,936</b>	<b>13,364,612</b>
Pledges receivable, net of current	-	-	-	112,315
Receivables under trust agreements	54,594	-	54,594	24,179
Investments	13,383,508	4,672,509	18,056,017	13,622,383
Property and equipment, net	2,100,525	-	2,100,525	1,264,300
<b>Total assets</b>	<b>\$ 30,645,564</b>	<b>\$ 4,672,509</b>	<b>\$ 35,318,073</b>	<b>\$ 28,387,789</b>
<b>Liabilities and Net Assets</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued expenses	\$ 1,186,554	\$ -	\$ 1,186,554	\$ 732,371
Program grants payable to community organizations	3,660,500	-	3,660,500	1,909,399
Designations payable	2,645,970	-	2,645,970	2,163,861
<b>Total current liabilities</b>	<b>7,493,024</b>	<b>-</b>	<b>7,493,024</b>	<b>4,805,631</b>
Designations payable, non-current	-	-	-	97,315
<b>Total liabilities</b>	<b>7,493,024</b>	<b>-</b>	<b>7,493,024</b>	<b>4,902,946</b>
<b>Net assets:</b>				
Without Donor Restrictions	23,152,540	-	23,152,540	18,812,334
With Donor Restrictions	-	4,672,509	4,672,509	4,672,509
<b>Total net assets</b>	<b>23,152,540</b>	<b>4,672,509</b>	<b>27,825,049</b>	<b>23,484,843</b>
<b>Total liabilities and net assets</b>	<b>\$ 30,645,564</b>	<b>\$ 4,672,509</b>	<b>\$ 35,318,073</b>	<b>\$ 28,387,789</b>

*See independent auditor's report and accompanying notes to financial statements.*

# Orange County's United Way

## Statements of Activities and Changes in Net Assets For the year ended June 30, 2023 (with comparative totals for 2022)

	Year Ended June 30, 2023			Year Ended June 30, 2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Revenues and other support</b>				
<b>Campaign revenue</b>				
Annual campaign	\$ 18,302,863	\$ -	\$ 18,302,863	\$ 17,368,829
Emergency rental assistance grants	3,975,565	-	3,975,565	47,427,488
CDC Health Equity Initiative grant	8,583,513	-	8,583,513	2,997,885
California state grant	4,900,000	-	4,900,000	-
Endowment	10,000	-	10,000	10,638
In-Kind contributions	-	-	-	261,519
Less: provision for uncollectible pledges	(202,937)	-	(202,937)	(262,308)
Less: donor designations	(3,890,318)	-	(3,890,318)	(4,200,849)
<b>Net campaign revenue</b>	<b>31,678,686</b>	<b>-</b>	<b>31,678,686</b>	<b>63,603,203</b>
Interest, other income, realized and unrealized gains (losses) on investments and receivables under trust agreements, net	1,487,625	-	1,487,625	(2,193,447)
Other contributions and designation adjustments	37,115	-	37,115	45,795
Donor designation fees	12,713	-	12,713	12,490
License revenues	115,811	-	115,811	97,790
<b>Total net revenues and other support</b>	<b>33,331,950</b>	<b>-</b>	<b>33,331,950</b>	<b>61,565,831</b>
<b>Program services and support services</b>				
Program services:				
Community allocations, net	691,393	-	691,393	687,266
Community service expenses	3,292,435	-	3,292,435	3,469,729
Grants and initiatives	20,299,791	-	20,299,791	55,605,677
In-kind contributions	-	-	-	261,519
<b>Total program services</b>	<b>24,283,619</b>	<b>-</b>	<b>24,283,619</b>	<b>60,024,191</b>
Support services:				
Fundraising	2,093,423	-	2,093,423	1,904,458
Organizational administration	1,793,966	-	1,793,966	1,491,425
Marketing	820,736	-	820,736	830,698
<b>Total support services</b>	<b>4,708,125</b>	<b>-</b>	<b>4,708,125</b>	<b>4,226,581</b>
<b>Total program services and support services</b>	<b>28,991,744</b>	<b>-</b>	<b>28,991,744</b>	<b>64,250,772</b>
<b>Change in net assets</b>	<b>4,340,206</b>	<b>-</b>	<b>4,340,206</b>	<b>(2,684,941)</b>
<b>Net assets, beginning of year</b>	<b>18,812,334</b>	<b>4,672,509</b>	<b>23,484,843</b>	<b>26,169,784</b>
<b>Net assets, end of year</b>	<b>\$ 23,152,540</b>	<b>\$ 4,672,509</b>	<b>\$ 27,825,049</b>	<b>\$ 23,484,843</b>

*See independent auditor's report and accompanying notes to financial statements.*



# Orange County's United Way

## Statements of Functional Expenses For the year ended June 30, 2023 (with comparative totals for 2022)

	Program Services				Support Services				
	Community Allocations and Services Expenses	Grants and Initiatives	2023 Total Program Services	2022 Total Program Services	Fundraising	Organizational Administration	Marketing	2023 Total Support Services	2022 Total Support Services
Community allocations	\$ 691,393	\$ -	\$ 691,393	\$ 687,266	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and initiatives	-	17,732,953	17,732,953	53,953,100	-	-	-	-	-
Salaries, benefits, and related expenses	2,517,099	2,566,838	5,083,937	4,350,080	1,539,900	832,116	528,120	2,900,136	2,622,081
Printing, supplies, and publications	139,311	-	139,311	162,065	35,354	3,269	153,203	191,826	181,622
Professional services	385,708	-	385,708	350,876	253,001	634,667	123,642	1,011,310	842,074
Office supplies and recognition	22,647	-	22,647	17,781	24,700	26,727	276	51,703	39,974
Conferences, training, and travel	8,427	-	8,427	11,925	19,664	31,219	12,861	63,744	47,656
Equipment rental and maintenance	35,263	-	35,263	29,360	34,985	51,047	-	86,032	73,833
Telephone	10,696	-	10,696	10,356	10,697	11,021	-	21,718	21,026
Postage	2,039	-	2,039	2,323	1,890	1,962	-	3,852	4,578
Utilities and building maintenance	73,516	-	73,516	59,856	73,516	75,744	-	149,260	121,526
Other	3,773	-	3,773	4,466	5,760	29,390	2,634	37,784	22,041
UWW National and State dues	48,712	-	48,712	82,829	48,712	50,188	-	98,901	168,168
Depreciation	45,245	-	45,245	40,389	45,244	46,616	-	91,861	82,002
In-kind contributions	-	-	-	261,519	-	-	-	-	-
<b>Total</b>	<b>\$ 3,983,828</b>	<b>\$ 20,299,791</b>	<b>\$ 24,283,619</b>	<b>\$ 60,024,191</b>	<b>\$ 2,093,423</b>	<b>\$ 1,793,966</b>	<b>\$ 820,736</b>	<b>\$ 4,708,125</b>	<b>\$ 4,226,581</b>

*See independent auditor's report and accompanying notes to financial statements.*

# Orange County's United Way

## Statements of Cash Flows For the year ended June 30, 2023 (with comparative totals for 2022)

Years ended June 30,	2023	2022
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 4,340,206	\$ (2,684,941)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Depreciation	137,105	122,391
Unrealized (gain) loss on investments	(1,153,714)	2,307,138
Unrealized (gain) loss on receivable under trust agreements	(30,415)	76,317
Provision for uncollectible pledges	202,937	262,308
Changes in assets and liabilities:		
Pledges receivable	(1,682,141)	(522,873)
Grants receivables	815,193	(3,815,704)
Other current assets	(115,129)	(33,442)
Accounts payable, accrued expenses, and other liabilities	454,183	(544,856)
Program grants payable to community organizations	1,751,101	158,298
Designations payable	384,794	(4,349,740)
Net cash and cash equivalents provided by (used in) operating activities	5,104,120	(9,025,104)
<b>Cash flows from investing activities</b>		
Purchase of investments	(11,048,814)	(6,890,046)
Sale of investments	7,768,893	10,627,631
Purchase of property and equipment	(973,330)	(95,200)
Net cash and cash equivalents (used in) provided by investing activities	(4,253,251)	3,642,385
Net increase (decrease) in cash and cash equivalents	850,869	(5,382,719)
Cash and cash equivalents, beginning of year	6,352,430	11,735,149
Cash and cash equivalents, end of year	\$ 7,203,299	\$ 6,352,430

*See independent auditor's report and accompanying notes to financial statements.*

# Orange County's United Way

## Notes to Financial Statements

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### 1. Summary of Accounting Policies

#### ***Organization***

Orange County's United Way (the "United Way" or "Organization") is an incorporated not-for-profit organization that administers an annual fund-raising campaign in Orange County, California and uses those funds to support a variety of human services programs in Orange County. It is the Organization's goal to create a stronger community where every person receives a quality education, is financially stable, is healthy and thriving, and has a place to call home.

#### ***Tax Status***

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

The Organization follows the provisions of Accounting Standards Codification ("ASC") No. 740, Income Taxes ("ASC 740"), surrounding accounting for uncertain income tax positions. ASC 740 prescribes a recognition threshold and measurement of tax positions taken or expected to be taken in income tax returns. ASC 740 also provides guidance on accounting for interest and penalties associated with tax positions. The Organization reports interest and penalties, if any, related to income tax matters within organization administration support services in the statements of activities and changes in net assets.

#### ***Basis of Accounting***

The United Way follows the accounting provisions prescribed by ASC No. 958, Not-for-Profit Entities ("ASC 958"). ASC 958 requires, among other things, the recognition of contributions received at fair value, including unconditional promises to give, in the period received. ASC 958 establishes standards for general purpose external financial statements. Focusing on the entity as a whole, ASC 958 requires that all not-for-profit organizations provide a statement of financial position, a statement of activities, statement of functional expenses, statement of cashflows, and that net assets and changes in net assets be classified and reported Net Assets Without Donor Restrictions and Net Assets With Donor Restrictions.

#### ***Net Assets***

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. These assets are available to support United Way's activities and operations at the discretion of the Organization with oversight by the Board of Directors.

*Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

# Orange County's United Way

## Notes to Financial Statements

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The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

### ***Revenue and Revenue Recognition***

The Organization follows the provisions of ASC No. 606, Revenue from Contracts with Customers, ("ASC 606"). Under ASC 606, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity is entitled to receive in exchange for those goods or services. The standard provides a number of steps to follow to achieve that principle and requires additional financial statement disclosures related to the nature, timing, amount and uncertainty of revenue and cash flows arising from contracts with customers. Revenue for the Organization that pertains to ASC 606 relates to license revenues.

### ***Revenues from Contributions***

Revenues from contributions are not within the scope of ASC 606 as they represent nonreciprocal transfers and do not represent the sale of goods or services. Revenues from contributions continue to be accounted for under ASC 958-605.

Revenue from contributions is recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively.

### ***Subclassifications of Contribution Revenues and Support***

***Donor-Imposed Restrictions*** - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as donor restricted support.

Donors may designate their contribution to specific other tax exempt agencies. Donor designations to specific agencies are reduced from revenue to arrive at total net revenues and other support in the accompanying statements of activities. Changes in donor designations to specific agencies made subsequent to the close of the fiscal year are reflected as part of net campaign contributions in the following year. Donor advised contributions are recorded as revenue when contributions are pledged, and designation of such contributions to other organizations are recorded as donor designations.

***Promises to Give*** - Donors typically pay total promises to give within a 12-month period. The commencement date of payments will vary among donors. Unconditional promises to give are recorded at their net realizable value. Long-term promises to give are recorded at the present value of estimated future cash flows using an appropriate discount rate. Conditional promises to give are not included as support until such time as the conditions are substantially met and both the timing and the value of the promise are known with reasonable certainty. The United Way provides an allowance for estimated uncollectible pledges at the end of each fiscal year based upon historical collection experience and current conditions.

# Orange County's United Way

## Notes to Financial Statements

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*Contributed Property and Equipment* - Contributed property and equipment are recorded at estimated fair value at the date of donation. If donors stipulate a time or use restriction, the contributions are recorded as contributions with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded without donor restrictions.

*Donated Services and Materials* - Donated services are recorded at estimated fair value at the date of donation only if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Donated materials meeting such criteria are recorded at estimated fair value as revenue on the date of donation and as an increase to assets, decrease to liabilities, or expense, depending on the benefit received. In the absence of donor-imposed restrictions, contributed materials are recorded as contributions without donor restrictions.

The Organization recorded \$0 and \$261,519 in donated property and materials (“in-kind contributions”) in the statements of activities and changes in net assets as revenues without donor restrictions for the years ended June 30, 2023 and 2022, respectively. In-kind contributions without donor restrictions primarily represent advertising, supplies, office equipment, computer equipment and other miscellaneous donated goods.

A substantial number of volunteers and corporations have donated their time and services to the United Way. No amounts have been reflected in the financial statements for donated services, as no objective basis is available to measure the fair value of these services.

### *License Revenues*

During the year ended June 30, 2020, the Organization implemented a digital giving platform that generates revenue from selling licenses to use the digital platform. As this is a reciprocal transfer, the revenue stream follows revenue recognition under ASC 606.

The Organization determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer.
- Identification of the performance obligations in the contract.
- Determination of the transaction price.
- Allocation of the transaction price to the performance obligations in the contract.
- Recognition of revenue when, or as, the Organization satisfies a performance obligation.

The Organization accounts for a contract when both parties have approved the contract and are committed to perform its obligations, the rights of the parties are identified, payment terms are identified, the contract has commercial substance, and collectability of consideration is probable.

The contracts are billed annually in advance and the performance obligation to the customer is a right to access the platform for the period. The Organization recognized \$115,811 and \$97,790 in license revenue during the years ended June 30, 2023 and 2022. The Organization recognizes license revenue upon execution of the contracts as contract liabilities related to the contracts have been deemed immaterial. As of June 30, 2023, the Organization is no longer selling licenses for the digital giving platform.

# Orange County's United Way

## Notes to Financial Statements

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### ***Concentration of Risk***

Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of pledges receivable, substantially all of which are from individuals, businesses, or nonprofit organizations in Orange County, California and the surrounding areas.

As of June 30, 2023, only \$250,000 per depositor per institution of non-interest-bearing cash balances was fully insured under the FDIC Deposit Insurance Coverage.

### ***Pledges Receivable***

Pledges receivable are typically due within 12 months from the date of pledge. Multi-year pledges received by the Organization are discounted based on the terms of the pledge and an appropriate discount rate, if applicable. The Organization has recorded an allowance for uncollectible pledges based on historic experience and current conditions. The Organization recorded \$202,937 and \$262,308 in provisions for uncollectible pledges for the years ended June 30, 2023 and 2022, respectively.

### ***Program Services***

Allocations of funds by the Organization for program services relate to community investments, grants and initiatives and community services and are recorded as program grants payable and program services expense when the Organization has committed to an obligation.

### ***Designations Payable***

Designations consist of pledges by donors that are designated to specific agencies at the time of pledge. Designations payable are recorded at the time the related pledge is received and reflected in net campaign revenue. Amounts are remitted to the beneficiary agencies as the related pledges are received from the donors.

### ***Investments***

Investments in equity securities with readily determinable fair values, and all investments in debt securities are reported at fair value on the statements of financial position, with gains and losses included in the statements of activities and changes in net assets. Fair value is determined based on quoted market prices. Net unrealized (losses) gains on investments of \$1,153,714 and \$(2,307,138) are included in interest, other income, realized and unrealized gains on investments, net in the statements of activities and changes in net assets for the years ended June 30, 2023 and 2022, respectively.

The Organization's investments consist of equity, fixed income and other investment securities (see Note 2). Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that the changes in risks in the near term could materially affect the investment amounts reported in the financial statements.

# Orange County's United Way

## Notes to Financial Statements

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### ***Property and Equipment, net***

Equipment and furniture and fixtures are stated at cost (or, if donated, estimated fair value on the date of donation) and depreciated using the straight-line method over the estimated useful lives of the related assets, ranging from 3 to 10 years. Building and improvements are stated at cost and depreciated using the straight-line method over their estimated useful lives, generally ranging from 10 to 25 years.

### ***Long-Lived Assets and Non-Current Financial Instruments***

Long lived assets and non-current financial instruments consist of property and equipment, investments, multi-year pledges receivable and restricted cash. Long-lived assets to be held and used are reviewed for events or changes in circumstances which indicate that their carrying value may not be recoverable. The Organization regularly reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If the sum of the expected undiscounted future cash flows is less than the carrying amount of the asset, the Organization recognizes an impairment loss equal to the difference between the carrying amount and the fair value of the asset. As of June 30, 2023 and 2022, management determined that no impairment of long-lived assets existed.

### ***Cash and Cash Equivalents***

The Organization considers all highly liquid investments that are readily convertible to known amounts of cash and that have an original maturity of three months or less when purchased, to be cash equivalents. As of June 30, 2023 and 2022, cash and cash equivalents consisted primarily of money market funds and deposits with six financial institutions. Cash and cash equivalents are held at a limited number of financial institutions, and may, at times, exceed insurable amounts. The Organization believes it mitigates its risks by maintaining cash in or through financial institutions with high credit ratings. Recoverability is dependent upon the performances of the financial institutions. Nonperformance by these institutions could expose the Organization to losses for amounts in excess of insured balances. The Organization has not experienced, nor does it anticipate, nonperformance by these institutions.

### ***Fair Value Measurements***

ASC 820, *Fair Value Measurements and Disclosures*, establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is affected by a number of factors, including the type of investment, the characteristics specific to the investment and the state of the marketplace including the existence and transparency of transactions between market participants.

Financial instruments measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date.
- Level 2 - Pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

# Orange County's United Way

## Notes to Financial Statements

- Level 3 - Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

The Organization determines the fair value of financial assets and liabilities based on the fair value hierarchy described above, which prioritizes the inputs to valuation techniques used to measure fair value into the three levels. The Organization's financial instruments consist of cash, restricted cash, pledges receivable, grants receivable, discounted long-term pledges receivable, and payables. These instruments are reflected in the statements of financial position at carrying value. The Organization's financial instruments also consist of investments which are recorded at fair value based upon Level 1 inputs and receivables under trust agreements which are recorded at fair value based on Level 2 inputs.

The following table reflects the Organization's assets required to be measured at fair value on a recurring basis on the statements of financial position:

	June 30, 2023		
	Fair Value Measurement Using		
	Level 1	Level 2	Level 3
Investments - without donor restrictions (see Note 2)	\$ 13,383,508	\$ -	\$ -
Investments - with donor restrictions (see Note 2)	4,672,509	-	-
Receivables under trust agreements - without donor restrictions (See Note 5)	-	54,594	-
	<b>\$ 18,056,017</b>	<b>\$ 54,594</b>	<b>\$ -</b>

	June 30, 2022		
	Fair Value Measurement Using		
	Level 1	Level 2	Level 3
Investments - without donor restrictions (see Note 2)	\$ 8,949,874	\$ -	\$ -
Investments - with donor restrictions (see Note 2)	4,672,509	-	-
Receivables under trust agreements - without donor restrictions (See Note 5)	-	24,179	-
	<b>\$ 13,622,383</b>	<b>\$ 24,179</b>	<b>\$ -</b>

### *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could materially differ from those estimates.



# Orange County's United Way

## Notes to Financial Statements

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### ***COVID-19 and CARES Act***

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The Organization’s operations are heavily dependent on private and public donations from individuals, foundations and corporations. In response to the pandemic, the Organization created a Pandemic Relief Fund to support low-income individuals and families at imminent risk of homelessness, the current Orange County population experiencing homelessness, low-income students, and partner nonprofits.

On January 5, 2021, the U.S. Department of the Treasury launched the Emergency Rental Assistance Program (ERAP), established by the Consolidated Appropriations Act, 2021, to assist households that are unable to pay rent and utilities due to the COVID-19 pandemic. To assist Orange County residents whose rent are in arrears as a result of the pandemic, Orange County’s United Way began participating in the program in March 2021 and serves to coordinate and manage the tenant and landlord verification processes, payment processing and adherence to the State and Treasury guidelines. Orange County’s United Way serves as a subcontractor for various municipalities and public benefit contractors in Orange County to administer funds. As a result of the program, the Organization received grant contributions of approximately \$5.9 million and \$40.9 million, recognized approximately \$4.0 million and \$47.4 million in grant revenues and incurred approximately \$3.9 million and \$46.9 million of grants and initiatives expenses in fiscal year 2023 and 2022, respectively.

On June 1, 2021, County of Orange/OC Healthcare Agency (OCHCA) was awarded a grant from the Centers for Disease Control (CDC) to address the COVID-19 health disparities among populations at high-risk and underserved. Orange County’s United Way serves as a subrecipient to administer funds of approximately \$16.9 million. As a result of the program, the Organization recognized approximately \$8.6 million and \$3.0 million in grant revenues and grants and initiatives expenses in fiscal year 2023 and 2022, respectively. The Organization received grant contributions of approximately \$6.9 million and \$1.8 million in fiscal year 2023 and 2022, respectively. The Organization recognized \$8.6 million and \$3.0 million of grants and initiatives expense in fiscal year 2023 and 2022, respectively.

### ***Recent Adopted Accounting Standards***

In February 2016, FASB issued ASU No. 2016-02, *Leases*. ASU 2016-02 changes the accounting for leases, requiring lessees to recognize the assets and liabilities that arise from all leases. Lessor accounting, however, has remained largely unchanged, with certain exceptions to allow for better alignment of lessee and lessor accounting as well as key aspects of revenue recognition guidance. The new lease standard requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. The Organization adopted this ASU for fiscal year ended June 30, 2023 with no significant impact.

### ***Recent Accounting Pronouncements Not Yet Adopted***

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326)*, with subsequent improvements issued in ASU 2018-19 (“Topic 326”). Topic 326 requires that credit losses on most financial assets measured at amortized cost and certain other instruments, including

# Orange County's United Way

## Notes to Financial Statements

trade receivables, be measured using an expected credit loss model. The ASU also replaces the current accounting model for purchased credit-impaired loans and debt securities. Further, the ASU makes certain targeted amendments to the existing impairment model for available-for-sale debt securities. For nonpublic entities, including not-for-profit entities, the amendments are effective for fiscal years beginning after December 15, 2022. The Organization is currently evaluating the impact of the adoption of the updated standard's impact on the financial statements.

### 2. Investments

The following information is presented by class of investments based on nature and risk of the underlying investments.

Investments without donor restrictions consist of the following at June 30:

	2023	2022
Certificates of deposits	\$ 3,510,341	\$ -
Fixed income securities - Bond funds	1,704,720	1,377,695
Equity securities - Large cap mutual funds	8,168,447	7,572,179
<b>Total</b>	<b>\$ 13,383,508</b>	<b>\$ 8,949,874</b>

Investments with donor restrictions consist of the following at June 30:

	2023	2022
Fixed income securities - Bond funds	\$ 1,135,604	\$ 720,107
Equity securities - Corporate stocks	3,536,905	3,952,402
<b>Total</b>	<b>\$ 4,672,509</b>	<b>\$ 4,672,509</b>

### 3. Property and Equipment

Property and equipment consist of the following at June 30:

	2023	2022
Land	\$ 722,039	\$ 722,039
Building	2,089,639	2,089,639
Building improvements	2,436,954	1,718,974
Furniture and equipment	2,237,554	1,982,204
	<b>7,486,186</b>	<b>6,512,856</b>
Less: accumulated depreciation	<b>(5,385,661)</b>	<b>(5,248,556)</b>
<b>Property and equipment, net</b>	<b>\$ 2,100,525</b>	<b>\$ 1,264,300</b>

Depreciation expense totaled \$137,105 and \$122,391 for the years ended June 30, 2023 and 2022, respectively.

# Orange County's United Way

## Notes to Financial Statements

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### 4. Endowment Fund

The Organization has established an Endowment Fund which operates under the Endowment Guidelines established and approved by the Board of Directors ("Board"). The principle objective of the Endowment Fund is to provide a source of income to help fund the Organization's operational costs, thereby providing some protection against fluctuations in annual campaign revenue and maximizing the amount of resources focused on the community's most critical issues. The Endowment Fund consists of three components: the General Endowment Fund (for endowed contributions without a specific purpose restriction), the Donor-Restricted Endowment (for endowed contributions with a donor imposed purpose restriction), and the Board Investment Endowment Fund (for Board-designated or quasi-endowments).

The balance in the Endowment Fund as of June 30, 2023 and 2022, totaled \$15,507,042 and \$14,771,124, respectively, which is comprised of the following:

<i>June 30,</i>	<b>2023</b>	<b>2022</b>
General Endowment Fund - restricted	\$ 4,672,509	\$ 4,672,509
Board Investment Endowment Fund - unrestricted	10,834,533	10,098,615
<b>Total Endowment Fund</b>	<b>\$ 15,507,042</b>	<b>\$ 14,771,124</b>

For the years ended June 30, 2023 and 2022, the Organization received \$10,000 and \$10,638, respectively, which was appropriated to the Board Investment Endowment Fund. Endowment Fund contributions subject to donor-imposed stipulations that require the principal be maintained in perpetuity are considered permanently restricted net assets of the Organization and only the income from the investment is unrestricted. Board designated Endowment Fund appropriations are considered unrestricted net assets of the Organization. The Board had previously determined that it would not appropriate for expenditure of any amount from the Endowment Fund until the Endowment Fund reached \$10 million, which occurred in 2017. In February 2017, the Board adopted a revised Endowment Fund Policy Statement which now requires the earnings of the Endowment Fund to be allocated to the Board Investment Endowment Fund - unrestricted rather than to the General Endowment Fund - restricted.

### 5. Beneficial Interests in Charitable Trusts Held by Others

The Organization has been named as an irrevocable beneficiary of a charitable trust held and administered by an independent trustee. This trust was created independently by the donor and is administered by outside agents designated by the donor. Therefore, the Organization has neither possession nor control over the assets of the trust. At the date the Organization receives notice of a beneficial interest, a contribution without donor restrictions is recorded in the statements of activities, and a beneficial interest in charitable trusts held by others is recorded in the statements of financial position at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement. Thereafter, beneficial interests in the trusts are reported at fair value in the statements of financial position, with changes in fair value recognized in the statements of activities and changes in net assets.

For years ended June 30, 2023 and 2022, the fair value of the charitable trust was \$54,594 and \$24,179. Changes in fair value recognized for the years ended June 30, 2023 and June 30, 2022 of \$30,415 and \$(76,317), respectively, are included in other contributions and designation adjustments on the statements of activities and changes in net assets.

# Orange County's United Way

## Notes to Financial Statements

### 6. Net Assets

Net assets consist of the following at June 30:

	2023	2022
Without Donor Restrictions		
Appropriated - initiatives	\$ 7,767,789	\$ 4,322,603
Appropriated - property and equipment	2,100,525	1,264,300
Appropriated - Board Investment Endowment Fund	10,834,533	10,098,617
Unappropriated	2,449,693	3,126,814
Total without donor restrictions	23,152,540	18,812,334
With Donor Restrictions	4,672,509	4,672,509
Total	\$ 27,825,049	\$ 23,484,843

Beginning in financial year ended June 30, 2021, the Organization no longer maintains a separate Capital Replacement Fund, as the unappropriated funds are sufficient to maintain capital equipment. The Board has appropriated a portion of the current net assets without donor restrictions as a stabilization reserve to ensure that program services and operations can be maintained for a period of time in the event of emergencies or economic downturns. In September 2015, the Board approved combining the stabilization fund with the Board Investment Endowment Fund. As of June 30, 2023, the targeted stabilization reserve level is an amount equal to three months of estimated programmatic costs plus three months of estimated operating costs. As of June 30, 2023 and 2022, the stabilization reserve that is included in the Board Investment Endowment Fund amounts to \$3,572,306 and \$2,724,271, respectively.

### 7. Liquidity and Availability of Financial Assets

As part of the Organization's liquidity management, financial assets are structured to provide availability to meet the needs of the general expenditures and liabilities as they come due. The Organization's financial assets profile is reviewed in detail during the annual budget process and financial assets are aligned to meet the operational needs of the Organization. The following reflects the Organization's financial assets, as of the statement of financial position date, reduced by amounts not available for general use because of contractual restrictions such as lock-up periods and portfolio liquidity within one year of the statement of financial position date.

	2023	2022
Financial assets, at year-end:		
Cash and cash equivalents	\$ 7,203,299	\$ 6,352,430
Pledges receivable	4,718,329	3,126,810
Grants receivable	3,000,511	3,815,704
Investments	13,383,508	8,949,874
Financial assets available to meet cash needs for general expenditures within one year	\$ 28,305,647	\$ 22,244,818

# Orange County's United Way

## Notes to Financial Statements

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### 8. Retirement Plan

The Organization sponsors a defined-contribution 403(b) retirement plan, which covers substantially all employees. There is an employer matching contribution equal to 50% of the first 6% of the employee contribution, up to the Internal Revenue Service legal limits. The Organization's contributions to the defined-contribution retirement plan were \$109,802 and \$94,130 for the fiscal years ended June 30, 2023 and 2022, respectively.

### 9. Commitments and Contingencies

The Organization is obligated under one noncancelable operating lease for equipment. Future minimum annual lease payments at June 30, 2023, are as follows:

<i>Years ending June 30,</i>	Total
2024	\$ 16,156
2025	13,200
2026	8,800
Total	\$ 38,156

Rental expense of \$22,112 and \$16,885 was incurred for the years ended June 30, 2023 and 2022, respectively, and was included in program services and support services in the accompanying statement of activities and change in net assets. The effects of the adoption of ASC 842 were not material to the financial statements.

#### *Legal Proceedings*

The Organization currently has no lawsuits, actions, or other legal proceedings pending claims that would have a material impact on the statement of financial condition. However, the Organization could, from time to time, be involved in litigation proceedings arising out of its normal course of business.

### 10. Subsequent Events

The Organization has evaluated all subsequent events that occurred after the statement of financial position date through November 17, 2023, which represents the date the financial statements were available to be issued.

The Organization acquired 2-1-1 Orange County (211OC) effective July 1, 2023. The Organization accepted and assumed all assets except for certain excluded assets and assumed no liabilities. Transaction expenses of \$179,105 are included in organizational administrative expenses for the year ended June 30, 2023. Unsecured loans made by the Organization to 211OC totaling \$152,000 were forgiven on June 30, 2023 and are included in grants and initiatives. Additionally, during the year ended June 30, 2023 the Organization made \$708,754 in grants to 211OC which are included in grants and initiatives.



## **Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

The Board of Directors  
Orange County’s United Way  
Irvine, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Orange County’s United Way (the “Organization”), which comprise the Organization’s statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 17, 2023.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Orange County's United Way 's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, P.C.

Costa Mesa, California  
November 17, 2023



## **Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; Required by the Uniform Guidance**

The Board of Directors  
Orange County’s United Way  
Irvine, California

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Orange County’s United Way (the “Organization”) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization’s major federal programs for the year ended June 30, 2023. The Organization’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization’s compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization’s federal programs.





### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BDO USA, P.C.

Costa Mesa, California  
November 17, 2023

**Orange County's United Way**  
**Schedule of Expenditures of Federal Awards**

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*Year ended June 30, 2023*

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Treasury</b>				
Passed through the City of Santa Ana:				
Emergency Rental Assistance	21.023	ERA	-	\$ 3,975,565
<b>Total U.S. Department of Treasury</b>				<b>3,975,565</b>
<b>Center for Disease Control</b>				
Passed through County of Orange:				
CDC Partner Crisis Response NOFO	93.391	CDC	-	8,583,513
<b>Total Center for Disease Control</b>				<b>8,583,513</b>
<b>Total Expenditures of Federal Awards</b>				<b>\$ 12,559,078</b>

*The accompanying notes are an integral part of this schedule.*

# Orange County's United Way

## Notes to Schedule of Expenditures of Federal Awards

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### 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Orange County's United Way, (the "Organization") under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to, and does not, present the financial position, changes in its net assets or cash flows of the Organization.

### 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

### 3. Indirect Cost Rate

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

### 4. Subsequent Events

The Organization has evaluated all subsequent events that occurred after the statement of financial position date through November 17, 2023, which represents the date the financial statements were available to be issued.

The Organization acquired 2-1-1 Orange County (211OC) effective July 1, 2023. The Organization accepted and assumed all assets except for certain excluded assets and assumed no liabilities. Transaction expenses of \$179,105 are included in organizational administrative expenses for the year ended June 30, 2023. Unsecured loans made by the Organization to 211OC totaling \$152,000 were forgiven on June 30, 2023 and are included in grants and initiatives. Additionally, during the year ended June 30, 2023 the Organization made \$708,754 in grants to 211OC which are included in grants and initiatives.

**Orange County's United Way**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2023**

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**Section I - Summary of Auditor's Results**

***Financial Statements***

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes      x   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes      x   none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes      x   no

***Federal Awards***

Internal control over major federal programs:

- Material weakness(es) identified? \_\_\_\_\_ yes      x   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes      x   none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes      x   no

Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.023	COVID-19 - Emergency Rental Assistance
93.391	CDC Health Equity

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes      x   no

**Orange County's United Way**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2023**

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**Section II - Financial Statement Findings**

During the audit for the year ended June 30, 2023, there were no findings related to the financial statements which are required to be reported in accordance with generally accepted government auditing standards (GAGAS).

**Section III - Federal Award Findings and Questioned Costs**

No matters were identified that were required to be reported.