

Orange County United Way

Financial Statements

As of and for the Year Ended June 30, 2025
(with summarized information for the
year ended June 30, 2024)

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



Orange County United Way

Financial Statements

As of and for the Year Ended June 30, 2025

(with summarized information for the year ended June 30, 2024)

Orange County United Way

Contents

Independent Auditor's Report	3-4
Financial Statements	
Statement of Financial Position as of June 30, 2025	6
Statement of Activities and Changes in Net Assets for the Year Ended June 30, 2025	7
Statement of Functional Expenses for the Year Ended June 30, 2025	8
Statement of Cash Flows for the Year Ended June 30, 2025	9
Notes to Financial Statements	10-20



Independent Auditor's Report

The Board of Directors
Orange County United Way
Irvine, California

Opinion

We have audited the financial statements of Orange County United Way (the Organization), which comprise the statement of financial position as of June 30, 2025, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2025, 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.

Report on Summarized Comparative Information

We have previously audited the Organization's prior-year financial statements, and we expressed an unmodified opinion on those financial statements in our report dated February 5, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 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 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, 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.

BDO USA, P.C.

December 5, 2025

Financial Statements

Orange County United Way
Statement of Financial Position
(with comparative totals for 2024)

June 30,

	2025		2024	
	Without Permanent Donor Restrictions	Endowment Fund	Total	Total
Assets				
Current Assets				
Cash and cash equivalents	\$ 7,019,235	\$ -	\$ 7,019,235	\$ 9,221,947
Pledges receivable, net of allowance for uncollectible pledges of \$767,143 and \$619,461, respectively	4,939,887	-	4,939,887	3,111,887
Grants receivable	1,230,542	-	1,230,542	599,380
Other current assets	266,716	-	266,716	237,498
Total Current Assets	13,456,380	-	13,456,380	13,170,712
Pledges Receivable, net of current	3,551,091	-	3,551,091	655,000
Receivables Under Trust Agreements	118,918	-	118,918	91,588
Investments	14,558,679	4,672,509	19,231,188	17,171,101
Property and Equipment, Net	2,312,678	-	2,312,678	2,548,436
Total Assets	\$ 33,997,746	\$ 4,672,509	\$ 38,670,255	\$ 33,636,837
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued expenses	\$ 1,988,179	\$ -	\$ 1,988,179	\$ 1,638,687
Program grants payable to community organizations	10,000	-	10,000	422,300
Refundable advance	1,854,100	-	1,854,100	3,122,640
Designations payable	1,509,146	-	1,509,146	2,154,504
Total Current Liabilities and Total Liabilities	5,361,425	-	5,361,425	7,338,131
Net Assets				
Without donor restrictions	28,636,321	-	28,636,321	21,626,197
With donor restrictions	-	4,672,509	4,672,509	4,672,509
Total Net Assets	28,636,321	4,672,509	33,308,830	26,298,706
Total Liabilities and Net Assets	\$ 33,997,746	\$ 4,672,509	\$ 38,670,255	\$ 33,636,837

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

Orange County United Way

Statement of Activities and Changes in Net Assets (with comparative totals for 2024)

Year ended June 30,

	2025			2024	
	Without Permanent Donor Restrictions	Endowment Fund	Total	Total	
Revenues and Other Support					
Campaign Revenue					
Annual campaign	\$ 34,556,725	\$ -	\$ 34,556,725	\$ 22,791,471	
Government assistance - employee retention credit	1,019,698	-	1,019,698	-	
CDC Health Equity Initiative grant Recovery (provision) for uncollectible pledges	-	-	-	3,408,347	
Less: donor designations and event expenses	(4,322,517)	-	(4,322,517)	(4,685,362)	
Net Campaign Revenue	31,296,866	-	31,296,866	21,469,078	
Interest income, realized and unrealized gains on investments, and other income	2,110,769	-	2,110,769	2,618,521	
Other contributions and designation adjustments	336,846	-	336,846	9,543	
Donor designation fees	4,882	-	4,882	9,051	
License revenues	192,858	-	192,858	87,842	
Total Net Revenues and Other Support	33,942,221	-	33,942,221	24,194,035	
Program Services and Support Services					
Program services:					
Community allocations and services expenses	6,451,233	-	6,451,233	6,698,355	
Grants and initiatives	15,850,583	-	15,850,583	15,703,655	
Total Program Services Expenses	22,301,816	-	22,301,816	22,402,010	
Support services:					
Fundraising	2,717,912	-	2,717,912	2,398,600	
Organizational administration	1,912,369	-	1,912,369	1,744,168	
Total Support Services Expenses	4,630,281	-	4,630,281	4,142,768	
Total Expenses	26,932,097	-	26,932,097	26,544,778	
Change in Net Assets from Operating Activities	7,010,124	-	7,010,124	(2,350,743)	
Non-Operating Activities					
Contribution of assets from 2110C	-	-	-	824,400	
Change in Net Assets	7,010,124	-	7,010,124	(1,526,343)	
Net Assets, beginning of year	21,626,197	4,672,509	26,298,706	27,825,049	
Net Assets, end of year	\$ 28,636,321	\$ 4,672,509	\$ 33,308,830	\$ 26,298,706	

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

Orange County United Way
Statement of Functional Expenses
(with comparative totals for 2024)

Year ended June 30,

	Program Services Expenses			Support Services Expenses			Total Expenses	
	Community Allocations and Services Expenses	Grants and Initiatives	2025	Fundraising	Organizational Administration	2025	2025	2024
Community allocations	\$ 66,754	\$ -	\$ 66,754	\$ -	\$ -	\$ -	\$ 66,754	\$ 973,091
Grants and initiatives	-	8,899,281	8,899,281	-	-	-	8,899,281	9,963,003
Salaries, benefits, and related expenses	4,951,038	6,951,302	11,902,340	1,858,997	578,676	2,437,673	14,340,013	12,078,219
Printing, supplies, and publications	198,276	-	198,276	166,811	23,850	190,661	388,937	473,348
Professional services	563,426	-	563,426	409,644	906,181	1,315,825	1,879,251	1,501,233
Office supplies and recognition	43,142	-	43,142	18,866	16,234	35,100	78,242	103,799
Conferences, training, and travel	10,779	-	10,779	37,224	42,142	79,366	90,145	103,949
Equipment rental and maintenance	102,628	-	102,628	34,210	34,210	68,420	171,048	204,747
Telephone	35,800	-	35,800	11,933	12,022	23,955	59,755	33,210
Postage	4,706	-	4,706	2,453	1,569	4,022	8,728	10,057
Utilities and building maintenance	144,352	-	144,352	48,116	49,449	97,565	241,917	252,773
Other	9,582	-	9,582	22,742	141,120	163,862	173,444	373,774
National and state dues	127,114	-	127,114	42,371	42,371	84,742	211,856	197,621
Depreciation and amortization	193,636	-	193,636	64,545	64,545	129,090	322,726	275,954
Total	\$ 6,451,233	\$15,850,583	\$22,301,816	\$ 2,717,912	\$ 1,912,369	\$ 4,630,281	\$26,932,097	\$ 26,544,778

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

Orange County United Way
Statement of Cash Flows
(with comparative totals for 2024)

<i>Year ended June 30,</i>	2025	2024
Cash Flows from Operating Activities		
Change in net assets	\$ 7,010,124	\$ (1,526,343)
Adjustments to reconcile change in net assets to net cash and cash equivalents used in operating activities:		
Depreciation and amortization	322,726	275,954
Loss on sale or other disposal of long-lived assets	1,527	2,910
Unrealized gain on investments	(1,279,897)	(1,547,302)
Unrealized gain on receivable under trust agreements	(27,330)	(36,994)
(Recovery) provision for uncollectible pledges	(42,960)	45,378
Contribution of assets from 211OC	-	(824,400)
Changes in assets and liabilities:		
Pledges receivable	(4,681,131)	1,368,310
Grants receivable	(631,162)	2,401,131
Other current assets	(29,218)	(52,700)
Accounts payable, accrued expenses, and other liabilities	349,492	452,133
Program grants payable to community organizations	(412,300)	(3,238,200)
Refundable advances	(1,268,540)	2,454,938
Designations payable	(645,358)	176,236
Net Cash and Cash Equivalents Used in Operating Activities	(1,334,027)	(48,949)
Cash Flows from Investing Activities		
Cash received from acquisition	-	194,000
Purchase of investments	(20,479,503)	(5,738,124)
Sale of investments	19,699,313	8,170,342
Purchase of property and equipment	(88,495)	(558,621)
Net Cash and Cash Equivalents (Used in) Provided by Investing Activities	(868,685)	2,067,597
Net (Decrease) Increase in Cash and Cash Equivalents	(2,202,712)	2,018,648
Cash and Cash Equivalents, beginning of year	9,221,947	7,203,299
Cash and Cash Equivalents, end of year	\$ 7,019,235	\$ 9,221,947
Supplemental Non-Cash Investing and Financing Activities		
Non-cash portion of the contribution of 211OC assets	\$ -	\$ 630,400

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

Orange County United Way

Notes to Financial Statements

1. Summary of Accounting Policies

Organization

Orange County United Way (the United Way or Organization) is an incorporated not-for-profit organization dedicated to improving lives in Orange County, California through education, financial stability, and housing initiatives as well as providing vital support via its 211 Orange County (211OC) service, which connects people to health and human service resources.

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 organizational administration support services in the statement of activities and changes in net assets.

Basis of Accounting

The United Way follows the accounting provisions prescribed by ASC 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, statement of activities, statement of functional expenses, and statement of cash flows, and that net assets and changes in net assets be classified and reported as net assets without donor restrictions and net assets with donor restrictions.

Revenue and Revenue Recognition

The Organization receives grants and contributions from various donors, including foundations, corporations, and government agencies. In accordance with ASC 958 and Accounting Standards Update 2018-08, each grant or contribution is evaluated to determine whether it is conditional or unconditional. Conditional grants and contributions, which include donor-imposed barriers and a right of return, are recognized as revenue when conditions are substantially met. Amounts received in advance of meeting conditions are recorded as refundable advances. Unconditional grants and contributions are recognized as revenue when received and classified as net assets with or without donor restrictions based on stipulations. Unspent restricted funds are carried forward in accordance with grant agreements. Occasionally, grants and contributions recognized in one period may be expended in subsequent periods, which may result in fluctuations in net assets.

Orange County United Way

Notes to Financial Statements

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 restricted for use in 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 statement of activities and changes in net assets. 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.

Contributed Property and Equipment - Contributions of 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. No donated services or materials were received during the years ended June 30, 2025 or 2024.

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.

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 Permanent Donor Restrictions - This consists of net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. These assets are

Orange County United Way

Notes to Financial Statements

available to support the United Way's activities and operations at the discretion of the Organization with oversight by the Board of Directors (the Board).

Endowment Fund - This consists of net assets subject to donor- (or certain grantor-) imposed restrictions that are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

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 statement of activities and changes in net assets as net assets released from restrictions.

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.

The Organizations maintains cash balances in excess of the Federal Deposit Insurance Corporation (FDIC) limits.

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 \$42,960 in recovery for uncollectible pledges and \$45,378 in provisions for uncollectible pledges for the years ended June 30, 2025 and 2024, 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 statement of financial position, with gains and losses included in the statement of activities and changes in net assets. Fair value is determined based on

Orange County United Way

Notes to Financial Statements

quoted market prices. Net unrealized gains on investments of \$1,307,227 and \$1,584,296 are included in interest income, realized and unrealized gains on investments, and other income in the statement of activities and changes in net assets for the years ended June 30, 2025 and 2024, 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.

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 three to ten years. Building and improvements are stated at cost and depreciated using the straight-line method over their estimated useful lives, generally ranging from ten 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 that 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, 2025 and 2024, 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, 2025 and 2024, 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 that 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

Orange County United Way

Notes to Financial Statements

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 - The level consists of 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.

Level 3 - The level consists of pricing inputs that 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 statement of financial position at carrying value. The Organization's financial instruments also consist of investments that are recorded at fair value based upon Level 1 and Level 3 inputs and receivables under trust agreements that 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 statement of financial position:

June 30, 2025

	Level 1	Level 2	Level 3	Total
Investments - without permanent donor restrictions (Note 2)	\$ 13,034,963	\$ 1,039,047	\$ 484,669	\$ 14,558,679
Investments - Endowment Fund (Note 4)	4,505,003	-	167,506	4,672,509
Receivables under trust agreements - without donor restrictions (Note 6)	-	118,918	-	118,918
	\$ 17,539,966	\$ 1,157,965	\$ 652,175	\$ 19,350,106

June 30, 2024

	Level 1	Level 2	Level 3	Total
Investments - without permanent donor restrictions (Note 2)	\$ 11,448,496	\$ 1,050,096	\$ -	\$ 12,498,592
Investments - Endowment Fund (Note 4)	4,672,509	-	-	4,672,509
Receivables under trust agreements - without donor restrictions (Note 6)	-	91,588	-	91,588
	\$ 16,121,005	\$ 1,141,684	\$ -	\$ 17,262,689

Orange County United Way

Notes to Financial Statements

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (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.

COVID-19 and CARES Act

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 United Way serves as a subrecipient to administer funds of approximately \$16.9 million. As a result of the program, the Organization recognized approximately \$3.4 million in grant revenue and grants and initiatives expenses in fiscal year 2024. The Organization received grant revenue of approximately \$6.4 million in fiscal year 2024. No grant revenue or related expenses were recognized in fiscal year 2025.

The Organization was eligible for the Employee Retention Credit (ERC) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and subsequent relief provisions enacted in response to the COVID-19 pandemic. During the fiscal year 2025, the Organization recognized \$1,019,698 in ERC income, which is presented as a separate line item in the statement of activities and changes in net assets. The ERC is a refundable tax credit for eligible wages paid to employees, subject to program requirements. As of June 30, 2025, no outstanding receivables related to the ERC are included on the statement of financial position.

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:

<i>June 30,</i>	2025	2024
Certificates of deposit	\$ 1,039,047	\$ 1,050,096
Fixed-income securities	3,937,188	2,793,876
Equity securities	9,097,775	8,654,620
Alternative investments	484,669	-
Total	\$ 14,558,679	\$ 12,498,592

Endowment investments consist of the following:

<i>June 30,</i>	2025	2024
Fixed-income securities - bond funds	\$ 1,360,728	\$ 1,141,336
Equity securities - corporate stocks	3,144,275	3,531,173
Alternative investment	167,506	-
Total	\$ 4,672,509	\$ 4,672,509

Orange County United Way

Notes to Financial Statements

3. Property and Equipment

Property and equipment consist of the following:

<i>June 30,</i>	2025	2024
Land	\$ 722,039	\$ 722,039
Building	2,089,639	2,089,639
Building improvements	2,152,129	2,332,434
Furniture and equipment	1,675,300	1,804,149
CIE system	150,337	150,337
	6,789,444	7,098,598
Less: accumulated depreciation and amortization	(4,476,766)	(4,550,163)
Total	\$ 2,312,678	\$ 2,548,435

Depreciation and amortization expense totaled \$322,726 and \$275,954 for the years ended June 30, 2025 and 2024, respectively.

4. Endowment Fund

The Organization has established an Endowment Fund, which operates under the Endowment Guidelines established and approved by the Board. The principal 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, 2025 and 2024 totaled \$18,192,141 and \$16,671,345, respectively, which is comprised of the following:

<i>June 30,</i>	2025	2024
General Endowment Fund - restricted	\$ 4,672,509	\$ 4,672,509
Board Investment Endowment Fund - unrestricted	13,519,632	11,998,836
Total Endowment Fund	\$ 18,192,141	\$ 16,671,345

For the years ended June 30, 2025 and 2024, the Organization received \$0 and \$10,000, 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.

Orange County United Way

Notes to Financial Statements

Interpretation of Relevant Law

The Board of the Organization has interpreted the State of California Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as the corpus of donor-restricted net assets (a) the original value of gifts donated to the corpus, plus (b) the original value of subsequent gifts to the corpus and accumulations to the corpus made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in the corpus is classified as donor-restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- The duration and preservation of the endowment fund.
- The purposes of the Organization and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation or deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Organization.
- The investment policies of the Organization.

Return Objectives and Risk Parameters

The Organization 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. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity. Under this policy, as approved by the Board, the endowment assets are invested in a manner consistent with the primary focus, which is to preserve endowment capital.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Distribution Policy and How the Investment Objectives Relate to Spending Policy

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 that now requires the earnings of the Endowment Fund to be allocated to the Board Investment Endowment Fund -

Orange County United Way

Notes to Financial Statements

unrestricted rather than to the General Endowment Fund - restricted. There were no contributions to the endowment fund for the fiscal years 2025 and 2024.

5. Pledges Receivable

As of June 30, 2025 and 2024, the Organization has outstanding unrestricted multi-year pledges receivable totaling \$3,551,091 and \$655,000, respectively. The multi-year pledges contains original payment terms ranging over a period of three to five years.

Unrestricted pledges consist of the following unconditional promises to give:

<i>June 30,</i>	2025	2024
Unconditional promises to give	\$ 8,742,343	\$ 3,766,887
Less: unamortized discount	(251,365)	-
Net Unconditional Promises to Give	8,490,978	3,766,887
Less: current portion	(4,939,887)	(3,111,887)
	\$ 3,551,091	\$ 655,000

Unrestricted multi-year pledges receivable are committed to be due as follows:

<i>June 30,</i>	2025	2024
Less than one year	\$ 4,939,887	\$ 3,111,887
One to five years	3,551,091	655,000
Total	\$ 8,742,323	\$ 3,766,887

6. 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 statement of activities and changes in net assets, and a beneficial interest in charitable trusts held by others is recorded in the statement 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 statement of financial position, with changes in fair value recognized in the statement of activities and changes in net assets.

For years ended June 30, 2025 and 2024, the fair value of the charitable trust was \$118,918 and \$91,588, respectively. Changes in fair value recognized for the years ended June 30, 2025 and June 30, 2024 of \$27,330 and \$36,994, respectively, are included in other contributions and designation adjustments on the statement of activities and changes in net assets.

Orange County United Way

Notes to Financial Statements

7. Net Assets

Net assets consist of the following:

<i>June 30,</i>	2025	2024
Without permanent donor restrictions:		
Appropriated - initiatives	\$ 7,832,475	\$ 6,654,258
Appropriated - property and equipment	2,312,678	2,548,435
Appropriated - Board Investment Endowment Fund	13,519,632	11,998,836
Unappropriated	4,971,536	424,668
Total Without Permanent Donor Restrictions	28,636,321	21,626,197
Endowment fund	4,672,509	4,672,509
Total	\$ 33,308,830	\$ 26,298,706

As of June 30, 2025, 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, 2025 and 2024, the stabilization reserve, which is included in the Board Investment Endowment Fund, amounted to \$5,009,042 and \$4,471,010, respectively.

8. 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.

<i>June 30,</i>	2025	2024
Financial assets, at year-end:		
Cash and cash equivalents	\$ 7,019,235	\$ 9,221,947
Pledges receivable, current portion	4,939,887	3,111,887
Grants receivable	1,230,542	599,380
Investments not subject to donor restrictions	14,558,679	12,498,592
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 27,748,343	\$ 25,431,806

9. 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 \$110,970 and \$122,929 for the fiscal years ended June 30, 2025 and 2024, respectively.

Orange County United Way

Notes to Financial Statements

10. Related-Party Transactions - 2-1-1 Orange County

2110C is an organization dedicated to connecting residents in need with critical health and human services resources. To serve the best interest of the Organization, stabilize operations, and enhance the client experience, the Organization entered into an asset purchase agreement with 2110C effective July 1, 2023, whereby the Organization accepted and assumed all assets of 2110C except for certain excluded assets and assumed no liabilities for \$0 consideration. As the assets acquired were greater than the consideration paid, the transaction was reflected as a contribution of assets under the applicable accounting guidance. The following is a summary of the assets acquired:

Cash	\$	194,000
Accounts receivable		462,246
Property and equipment		168,154
Total	\$	824,400

The Organization also entered into a management services agreement with 2110C effective July 1, 2023, whereby the Organization pays 100% of the operating expenses incurred by 2110C after the acquisition until 2110C winds up operations (2110C Shell). During the year ended June 30, 2024, the Organization made \$310,921 in grants to 2110C, which are included in grants and initiatives on the accompanying statement of activities and changes in net assets. During the year ended June 30, 2025, 2110C Shell was dissolved.

11. Commitments and Contingencies

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 position. However, the Organization could, from time to time, be involved in litigation proceedings arising out of its normal course of business.

12. Subsequent Events

The Organization has evaluated all subsequent events that occurred after the statement of financial position date through December 5, 2025, which represents the date the financial statements were available to be issued.