



UNITED WAY OF SANTA BARBARA COUNTY, INC.

INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

JUNE 30, 2021

UNITED WAY OF SANTA BARBARA COUNTY, INC.
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June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors of
United Way of Santa Barbara County, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Santa Barbara County, Inc. (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the



financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Santa Barbara County, Inc. as of June 30, 2021, 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.

Other Matters

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 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. The 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 auditing standards generally accepted in the United States of America. 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 January 12, 2022, 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.



Report on Summarized Comparative Information

We have previously audited the Organization's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 20, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

DAMITZ, BROOKS, NIGHTINGALE, TURNER & MORRISSET

Damitz, Brooks, Nightingale,
Turner & Morrisset
January 12, 2022
Santa Barbara, California



**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**

Board of Directors
United Way of Santa Barbara County, Inc.

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 United Way of Santa Barbara County, Inc. (the “Organization”) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, 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 January 12, 2022.

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) to determine the 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 determination of financial statement amounts. 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.

DAMITZ, BROOKS, NIGHTINGALE, TURNER & MORRISSET

Damitz, Brooks, Nightingale,
Turner & Morrisset
January 12, 2022
Santa Barbara, California

UNITED WAY FOR SANTA BARBARA COUNTY, INC.
Statement of Financial Position
June 30, 2021
(With Summarized Comparative Totals for the Year 2020)

<i>Assets</i>	Without Donor Restrictions	With Donor Restrictions	Total	
			2021	2020
<i>Current Assets</i>				
Cash and cash equivalents	\$ 470,943	\$ -	\$ 470,943	\$ 490,895
Cash with donor restrictions	-	1,631,750	1,631,750	1,750,632
Pledges receivable, net	-	349,915	349,915	384,003
Government grants receivable	-	46,722	46,722	-
Prepaid expenses	150,683	-	150,683	224,793
Investments - non-endowment	1,663,804	-	1,663,804	1,295,567
<i>Total current assets</i>	2,285,430	2,028,387	4,313,817	4,145,890
<i>Other Assets</i>				
Designated cash for long-term use	34,370	-	34,370	34,353
Endowment cash	675,946	-	675,946	924,390
Pledges receivable - noncurrent portion	-	-	-	5,850
Investments - endowment	4,817,666	5,060,559	9,878,225	7,930,207
Property and equipment, net	410,080	-	410,080	436,787
Interest in perpetual trusts	-	803,660	803,660	691,257
Assets held in split interest trusts and agreements	-	755,039	755,039	636,584
Assets held under deferred compensation plan	57,678	-	57,678	31,478
<i>Total other assets</i>	5,995,740	6,619,258	12,614,998	10,690,906
<i>Total assets</i>	\$ 8,281,170	\$ 8,647,645	\$ 16,928,815	\$ 14,836,796
<i>Liabilities and Net Assets</i>				
<i>Current Liabilities</i>				
Accounts payable	\$ 116,338	\$ -	\$ 116,338	\$ 277,086
Accrued payroll and related expenses	102,258	-	102,258	81,803
Deferred revenue	81,892	-	81,892	126,393
Designations payable	77,091	-	77,091	95,732
Agency allocations payable	-	-	-	43,296
<i>Total current liabilities</i>	377,579	-	377,579	624,310
<i>Non-current Liabilities</i>				
Present value of future payments on split-interest trusts and agreements	-	320,047	320,047	331,496
Deferred compensation plan obligation	57,678	-	57,678	31,478
Paycheck Protection Program loan	-	-	-	76,010
	57,678	320,047	377,725	438,984
<i>Total liabilities</i>	435,257	320,047	755,304	1,063,294
<i>Net Assets</i>				
Without donor restrictions				
Undesignated	2,285,749	-	2,285,749	1,733,393
Board designated non-endowment	66,551	-	66,551	48,682
Board designated endowment	5,493,613	-	5,493,613	4,397,634
With donor restrictions				
Non-endowment	-	3,267,040	3,267,040	3,136,830
Endowment	-	5,060,558	5,060,558	4,456,963
<i>Total net assets</i>	7,845,913	8,327,598	16,173,511	13,773,502
	\$ 8,281,170	\$ 8,647,645	\$ 16,928,815	\$ 14,836,796

UNITED WAY FOR SANTA BARBARA COUNTY, INC.

Statement of Activities

Year Ended June 30, 2021

(With Summarized Comparative Totals for the Year 2020)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2021	2020
Public Support and Revenue				
Public Support				
Contributions				
Campaign	\$ 1,019,700	\$ 470,151	\$ 1,489,851	\$ 1,243,865
Bequests	60,346	3,628	63,974	206,137
Government grants	-	9,934,876	9,934,876	2,673,205
Grants	-	2,775,099	2,775,099	683,781
In-kind contributions	40,074	-	40,074	89,656
Net assets released from restrictions	13,524,424	(13,524,424)	-	-
Special events:				
Special events - gross	85,251	-	85,251	333,905
Direct special event costs	(4,430)	-	(4,430)	(191,218)
Net special event proceeds	80,821	-	80,821	142,687
Total public support	14,725,365	(340,670)	14,384,695	5,039,331
Revenue				
Investment income, net	1,677,807	832,168	2,509,975	691,601
Licensing fees	168,905	-	168,905	231,590
Rental income	500	-	500	12,000
Change in value of split interest trusts and agreements	-	129,904	129,904	(55,608)
Change in value of perpetual trust interests	-	112,403	112,403	(7,579)
Miscellaneous income	-	-	-	1,847
Total revenue	1,847,212	1,074,475	2,921,687	873,851
Total Public Support and Revenue	16,572,577	733,805	17,306,382	5,913,182
Expenses				
Program services	14,188,865	-	14,188,865	3,663,034
Management and general	318,982	-	318,982	305,092
Fundraising	398,526	-	398,526	408,949
Total expenses	14,906,373	-	14,906,373	4,377,075
Increase in net assets	1,666,204	733,805	2,400,009	1,536,107
Net assets, beginning of year	6,179,709	7,593,793	13,773,502	12,237,395
Net assets, end of year	\$ 7,845,913	\$ 8,327,598	\$ 16,173,511	\$ 13,773,502

UNITED WAY FOR SANTA BARBARA COUNTY, INC.

Statement of Functional Expenses

Year Ended June 30, 2021

(With Summarized Comparative Totals for the Year 2020)

	Program Services	Management and General	Fundraising	Total	
				2021	2020
Salaries and benefits					
Salaries and wages	\$ 974,883	\$ 84,367	\$ 222,826	\$ 1,282,076	\$ 1,100,114
Payroll taxes	77,103	5,524	15,729	98,356	86,998
Employee benefits	137,631	14,569	40,704	192,904	177,719
Total salaries and benefits	<u>1,189,617</u>	<u>104,460</u>	<u>279,259</u>	<u>1,573,336</u>	<u>1,364,831</u>
Operating expenses					
Advertising	35,967	1,349	16,209	53,525	53,423
Dues	20,900	2,319	20,900	44,119	25,863
Information technology	11,506	3,942	16,906	32,354	34,487
Insurance	6,345	5,177	-	11,522	10,662
Legal	-	-	-	-	1,047
Meetings, conferences & events	9,146	455	1,336	10,937	26,118
Occupancy	23,160	5,087	12,691	40,938	50,671
Office expenses	81,968	13,654	18,222	113,844	106,088
Printing	791	47	365	1,203	8,053
Professional services	180,770	71,180	32,288	284,238	212,331
Program supplies (in-kind)	18,774	-	-	18,774	89,656
Software licenses	217,246	-	-	217,246	286,987
Special events - entertainment	-	-	-	-	8,650
Special events - food	-	-	-	-	72,658
Special events - special functions	-	-	750	750	94,715
Special events - other expenses	-	-	3,680	3,680	15,195
Travel	1,804	5,590	350	7,744	46,529
Total other operating expenses	<u>608,377</u>	<u>108,800</u>	<u>123,697</u>	<u>840,874</u>	<u>1,143,133</u>
Other operating expenses					
Uncollectible pledges expense	-	63,007	-	63,007	76,247
Community impact grants	12,390,871	-	-	12,390,871	1,951,581
Depreciation	-	42,715	-	42,715	32,501
Total non-operating expenses	<u>12,390,871</u>	<u>105,722</u>	<u>-</u>	<u>12,496,593</u>	<u>2,060,329</u>
Less expenses included with revenues on the statement of activities					
Special events expenses	<u>-</u>	<u>-</u>	<u>(4,430)</u>	<u>(4,430)</u>	<u>(191,218)</u>
Total expenses	<u>\$ 14,188,865</u>	<u>\$ 318,982</u>	<u>\$ 398,526</u>	<u>\$ 14,906,373</u>	<u>\$ 4,377,075</u>

UNITED WAY FOR SANTA BARBARA COUNTY, INC.

Statement of Cash Flows

Year Ended June 30, 2021

(With Summarized Comparative Totals for the Year 2020)

	<u>2021</u>	<u>2020</u>
<i>Cash flows from operating activities</i>		
Increase in net assets	\$ 2,400,009	\$ 1,536,107
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation	42,715	32,501
Unrealized gain on investments	(1,438,159)	(307,251)
Net realized gains on investments	(966,611)	(213,692)
Change in split interest agreements and obligations	(129,904)	729,876
Change in perpetual trust	(112,403)	7,579
Change in provision for uncollectible pledges	(14,000)	14,000
Paycheck Protection Program loan forgiveness	(76,010)	-
(Increase) decrease in:		
Pledges receivable	53,938	39,964
Government grants receivable	(46,722)	-
Prepaid expenses	74,110	51,692
Increase (decrease) in:		
Accounts payable and other current liabilities	(222,685)	222,907
Accrued payroll and related expenses	20,455	(18,877)
Deferred revenue	(44,501)	(11,597)
<i>Net cash provided (used) by operating activities</i>	<u>(459,768)</u>	<u>2,083,209</u>
<i>Cash flows from investing activities</i>		
Proceeds from sale of investments	3,181,216	3,064,008
Purchase of investments	(3,092,701)	(3,216,856)
Change in cash held for board designated endowment purposes	367,309	(1,516,313)
Purchase of property and equipment	(16,008)	(69,301)
<i>Net cash provided (used) by investing activities</i>	<u>439,816</u>	<u>(1,738,462)</u>
<i>Cash flows from financing activities</i>		
Paycheck Protection Program loan	-	245,670
Paycheck Protection Program loan conditions met	-	(169,660)
<i>Net cash provided by financing activities</i>	<u>-</u>	<u>76,010</u>
Net increase (decrease) in cash and cash equivalents	(19,952)	420,757
<i>Cash and cash equivalents, beginning of year</i>	<u>490,895</u>	<u>70,138</u>
<i>Cash and cash equivalents, end of year</i>	<u>\$ 470,943</u>	<u>\$ 490,895</u>

UNITED WAY OF SANTA BARBARA COUNTY, INC.
Notes to Financial Statements
June 30, 2021
(With Summarized Comparative Totals for 2020)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of United Way of Santa Barbara County, Inc. (the “Organization”) is presented to assist in understanding the Organization’s financial statements. The financial statements and notes are representations of the Organization’s management, who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

Nature of Activities

The Organization is a California non-profit public benefit corporation that has served the local community since its founding in 1923. The Organization solicits contributions from individuals, organizations and foundations during its annual fundraising campaign and through a variety of other fundraising activities.

The Organization innovates and works smarter to make life better for the children, families and seniors in the Santa Barbara County Community. The Organization researches best practices; plans, creates and manages strategic partnerships with hundreds of local nonprofits and organizations to connect strengths, multiply resources, and implement the best plans and programs to improve education, health, and financial empowerment throughout Santa Barbara County. The objectives of achieving improvements in education, health, and financial empowerment represent the ten-year goals identified by thousands of community members.

Financial Statement Presentation

Information regarding the Organization’s financial position and activities are based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions that may be expended for any purpose in performing the primary objectives of the Organization.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are permanent in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents consists of cash on hand, and cash in banks, and excludes cash and cash equivalents held for investment, restricted cash, and cash designated for long-term use.

Contributions

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as donor restricted support that increases that net asset class. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted. Conditional promises to give are recorded when the conditions on which they depend are substantially met.

In-kind Contributions

Donated goods and services are recognized as in-kind contributions in accordance with GAAP for not-for-profit organizations, if the goods and services (a) create or enhance non-financial assets or (b) the services require specialized skills and are performed by people with those skills and would otherwise be purchased by the Organization. The amount of in-kind contributions of goods and services received for June 30, 2021 and 2020, totaled \$40,074 and \$89,656, respectively.

Functional Expenses

The Organization allocates its expenses on a functional basis among its various program and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their expenditure classification. Other expenses that are common to several functions are allocated based on total square feet. The Organization at times conducts its fundraising activities in conjunction with its other activities. In these cases, joint costs have been allocated between fundraising and management and general expenses or program expense in accordance with standards for accounting for costs of activities that include fundraising.

Pledges Receivable

Pledges receivable are unconditional promises to give that are recognized as contributions when the promise is received. Pledges receivable that are expected to be collected in less than one year are reported at net realizable value. Pledges receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. The allowance for uncollectible pledges receivable is determined based on management's evaluation of the collectability of individual promises. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is postponed.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Uncertain Tax Positions

Financial Accounting Standards Board's ASC 740-10, *Accounting for Uncertainty in Income Taxes*, prescribes a threshold for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Organization files tax returns in the U.S. federal jurisdiction and in the state of California. The Organization's tax returns from the year 2018 to the present remain subject to examination by the IRS for federal tax purposes, and the tax years from 2017 to the present remain subject to examination by the state of California. Management has evaluated its tax positions for all jurisdictions in which the statute of limitations remains open and has determined that the Organization had taken no uncertain tax positions that require adjustment to the financial statements. The Organization had no unrecognized tax benefits related to tax positions taken during the year ended June 30, 2021 or for prior periods.

Tax Exempt Status

The Organization is an exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and Section 23701(d) of the California Revenue and Taxation Code, and is considered a public charity.

Fair Value Measurements

The Organization follows Accounting Standard Codification (ASC) No. 820, *Fair Value Measurements and Disclosures*, issued by the Financial Accounting Standards Board (FASB). This standard defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements. Pursuant to ASC No. 820, assets and liabilities recorded at fair value are categorized based upon the level of judgment associated with the inputs used to measure fair value. ASC No. 820 establishes a three-level fair value hierarchy that describes the inputs that are used to measure the fair values of respective assets and liabilities:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 – Pricing inputs, including broker quotes, are generally those other than exchange 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis.

Cash and cash equivalents: Valued at face value. (Level 1)

Equity securities and mutual and exchange traded funds: Valued utilizing quoted prices available in active markets for identical investments as of the reporting date. (Level 1)

Fixed income: Valued utilizing benchmark yields, reported trades or broker dealer quotes. (Level 2)

Split interest trusts and agreements: Valued using life expectancy and discount factors obtained from external sources. (Level 2)

Interest in perpetual trusts: Valued based on the assets held by the trust utilizing quoted prices available in active markets for identical investments as of the reporting date. These assets consist of cash and cash equivalents, bonds, mutual funds, and equity securities. The Organization does not have the ability to control or direct the assets held by others and the income and principal is subject to certain restrictions on redemption. (Level 2)

Life insurance policies: Valued based on policy's cash surrender value. Cash surrender values are determined using unobservable inputs. (Level 3)

Property and Equipment

Land, building and equipment are recorded at cost or, if donated, at the fair value at the time of the donation. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specified purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies donor restricted net assets to unrestricted net assets at that time. Building and equipment are depreciated using the straight-line method over the respective estimated useful lives, which range from five to twenty years. Long-lived assets are capitalized if the cost is \$1,000 or greater and have an estimated useful life of one year or greater.

	<u>Years</u>
Buildings and improvements	5-20
Furniture and equipment	5-10
Computers, software, and vehicles	5

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Use of Estimates

Financial statements prepared in accordance with GAAP require management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates. Significant estimates made by management include establishment of a reserve for doubtful contributions receivable, allocation of functional expenses and estimated useful lives of fixed assets.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Subsequent Events

Management has evaluated subsequent events through January 12, 2022, the date that the financial statements were available to be issued.

2. AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following as of June 30, 2021:

Cash and cash equivalents	\$ 470,943
Pledge receivable, net	349,915
Government grants receivable	46,722
Investments – non-endowment	<u>1,663,804</u>
	<u>\$ 2,531,384</u>

Additional funds are expected to be received from investment income, contributed income, and from restricted cash as donor use restrictions are met. These funds combined with the available funds are expected to meet the amounts needed to fund the operations of the Organization for the fiscal year ending June 30, 2022.

3. PLEDGES RECEIVABLE

As of June 30, 2021, pledge receivables are expected to be received as follows:

Less than 1 year	\$ 419,915
1 year to 5 years	<u> -</u>
Allowance for uncollectible pledges receivable	<u> (70,000)</u>
	<u>\$ 349,915</u>

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Land	\$ 218,000	\$ 218,000
Buildings and improvements	1,480,103	1,477,613
Furniture and equipment	261,782	248,263
Vehicles	<u>48,267</u>	<u>48,267</u>
	2,008,152	1,992,143
	<u>(1,598,072)</u>	<u>(1,555,356)</u>
	<u>\$ 410,080</u>	<u>\$ 436,787</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$42,715 and \$32,501, respectively.

5. SPLIT-INTEREST TRUSTS AND AGREEMENTS

A split-interest agreement is a contribution that results in the sharing of legal rights to certain assets by the nonprofit and the donor. The Organization records such split-interest agreements held in charitable remainder trusts, charitable gifts annuities, and pooled income funds as follows:

5. SPLIT-INTEREST TRUSTS AND AGREEMENTS (Cont.)

Charitable Gift Annuities

Charitable gift annuity donors have contributed assets to the Organization in exchange for a promise by the Organization to pay a fixed benefit for a specified period of time to the donor or to individuals or organizations designated by the donor. Under the terms of the agreements, no trust exists, as the assets received are held by the Organization, and the liability is an obligation of the Organization. The Organization records new gifts at the fair market value of the assets, less the present value of the estimated future payments to the named beneficiaries. The present value of the estimated payments is calculated using an IRS discount rate in effect at the time of the contract. Subsequent changes in the value from prior year are recorded using the fair value of the assets less the present value of the payments expected to be made to the beneficiaries. A discount rate of 5% is used to determine the change in value. The change in value is recorded in the Statement of Activities under changes in value of split interest trusts and agreements. At the termination of the agreement, any remaining asset balance is recorded as released from restrictions in the accompanying Statement of Activities. The total fair market value of the four charitable gift annuities was \$37,188 with a corresponding liability for future payments of \$17,020 at June 30, 2021. The total fair market value of the four charitable gift annuities was \$35,390 with a corresponding liability for future payments of \$20,380 at June 30, 2020.

Pooled Income Funds

Pooled Income Fund donors have contributed assets to the Organization in exchange for a net income payout for a specified period of time. Under the terms of the agreements, no trust exists, as the assets are held by the Organization. The fair market value of the assets is recorded in the Organization's Statement of Financial Position and a corresponding liability is recorded for the present value of the future payments to the named beneficiaries. Subsequent changes in the value from prior year are recorded using the fair value of the assets less the present value of the payments expected to be made to the beneficiaries. The change in value is recorded in the Statement of Activities under changes in value of split interest trusts and agreements. The fair market value of the pooled income funds at June 30, 2021 and 2020 were \$255,869 and \$225,799 with corresponding liabilities for future payments of \$153,365 and \$186,099, respectively.

Charitable Remainder Trusts

The Organization is named as an irrevocable remainder beneficiary of charitable trusts, which have been established by donors to provide income, generally for life, to designated beneficiaries. At the end of the term, or upon death of the income beneficiaries, assets remaining in the trust will be transferred to the Organization. Each year, beneficiaries receive a percentage of the trust's fair market value, generally limited to net income or net income with make-up provisions.

5. SPLIT-INTEREST TRUSTS AND AGREEMENTS (Cont.)

If the Organization is the trustee, the fair market value of the trust is recorded in the Organization's statement of financial position. A corresponding liability is recorded for the present value of the future payments as specified in the trust agreement using a discount rate of 5%. A contribution is recorded for the difference between the two amounts. The fair market value of the one trust in which the Organization was named the trustee were \$139,584 and \$103,761 with a corresponding payment liability for future payments of \$114,920 and \$89,072 at June 30, 2021 and 2020, respectively.

If the Organization is not the named trustee and does not exercise control over the assets, contribution revenue and assets are recognized using the fair value of the assets less the present value of the liabilities of the trust. Changes in the fair value of the assets less the present value of the liabilities are recognized in the Statement of Activities under changes in value of split interest trusts and agreements. At June 30, 2021 and 2020, the present value of these trusts where the Organization is not the trustee were \$219,322 and \$169,317, respectively.

Life Insurance

The Organization is the beneficiary of life insurance policies with total cash surrender values of \$103,076 and \$102,317 as of June 30, 2021 and 2020, respectively. The increase of cash surrender values of \$759 and \$2,179 for the years ended June 30, 2021 and 2020, respectively, has been recorded in investment income in the accompanying Statement of Activities.

A summary of split interest values at June 30, 2021 are as follows:

	<u>Assets</u>	<u>Obligations</u>
Charitable gift annuities	\$ 37,188	\$ 17,020
Pooled income funds	255,869	153,365
Charitable remainder trusts	358,906	114,920
Life insurance	<u>103,076</u>	<u>34,742</u>
	<u>\$ 755,039</u>	<u>\$ 320,047</u>

A summary of split interest values at June 30, 2020 are as follows:

	<u>Assets</u>	<u>Obligations</u>
Charitable gift annuities	\$ 35,390	\$ 20,380
Pooled income funds	225,799	186,099
Charitable remainder trusts	273,078	89,072
Life insurance	<u>102,317</u>	<u>35,945</u>
	<u>\$ 636,584</u>	<u>\$ 331,496</u>

5. SPLIT-INTEREST TRUSTS AND AGREEMENTS (Cont.)

Perpetual Trusts Interest

The Organization is named as an income beneficiary of two perpetual trusts, the corpus of which is not controlled by the management of the Organization. Under these arrangements, the Organization has the irrevocable right to receive income earned on the underlying assets held in perpetuity.

Since the Organization is a beneficiary of this stream of income in perpetuity, the Organization's share of the fair market value of the trusts' investments is recorded as an asset, with a fair market value of \$803,660 and \$691,257 at June 30, 2021 and 2020, respectively. Any change in subsequent years in the fair market value of the Organization's shares of the trust investments is recorded in the Statements of Activities as a change in value of perpetual trust interests.

6. PAYCHECK PROTECTION PROGRAM LOAN/CONDITIONAL GRANT

In April 2020, the Organization received a loan of approximately \$245,000 under the Small Business Administration Payroll Protection Program (PPP). Loans received under this program are eligible for forgiveness in as documented in the regulations. As of June 20, 2020, the Organization had met the forgiveness criteria described in the regulations for \$169,000, and in accordance with ASC 958 the Organization recognized the portion of the loan forgiven as government grant income in the statement of activities. On June 21, 2021, the Organization received notification of forgiveness of the loan, and recognized the remaining \$76,000 as government grant income in the statement of activities for the year ended June 30, 2021.

7. CONCENTRATIONS AND RISKS

The Organization maintains cash balances at two financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. Cash balances held in brokerage accounts are insured by the Securities Investor Protection Corporation (SIPC) up to \$250,000 per institution. Uninsured cash balances at June 30, 2021 totaled approximately \$3,346,000.

8. ENDOWMENT FUNDS

Interpretation of Relevant Law

The Board of Directors have interpreted the California adopted Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring a long-term investment strategy designed to preserve the fair value of the original gift, as of the gift date. As a result of this interpretation, the Organization has classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The accumulated earnings portion of the donor-restricted endowment funds is classified as donor restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard for prudence prescribed by UPMIFA.

In accordance with California UPMIFA, the organization considers the following factors in making a determination to appropriate or invest donor-restricted endowment funds:

- (1) The duration and preservation of the funds
- (2) The purposes of the Organization and the donor-restricted endowment funds
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. On June 30, 2021, there were no funds with deficiencies.

8. ENDOWMENT FUNDS (Cont.)

Investment Return Objectives, Risk Parameters, and Strategies

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.

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 common stocks and equity mutual fund investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

The Organization's investment committee has established a spending rate equal to a target of up to approximately 5% of the endowment's average three-year portfolio value at the Organization's fiscal year end.

The Organization's endowment has been established for a variety of program purposes. Its endowment consists of board designated and donor-restricted endowment funds. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Composition of Endowment Assets

At June 30, 2021 the endowment fund held the following assets:

Cash held at investment brokers	\$ 675,946
Investments	<u>9,878,225</u>
Total assets held in endowment fund	<u>\$ 10,554,171</u>

At June 30, 2020 the endowment fund held the following assets:

Cash held at investment brokers	\$ 924,390
Investments	<u>7,930,207</u>
Total assets held in endowment fund	<u>\$ 8,854,597</u>

8. ENDOWMENT FUNDS (Cont.)

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

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Original Gift	
Board designated endowment funds	\$ 5,493,613	\$ -	\$ -	\$ 5,493,613
Donor restricted endowment funds	<u>-</u>	<u>1,762,145</u>	<u>3,298,413</u>	<u>5,060,558</u>
Total	<u>\$ 5,493,613</u>	<u>\$ 1,762,145</u>	<u>\$ 3,298,413</u>	<u>\$10,554,171</u>

Endowment net asset composition by type of fund as of June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Original Gift	
Board designated endowment funds	\$ 4,397,634	\$ -	\$ -	\$ 4,397,634
Donor restricted endowment funds	<u>-</u>	<u>1,158,550</u>	<u>3,298,413</u>	<u>4,456,963</u>
Total	<u>\$ 4,397,634</u>	<u>\$ 1,158,550</u>	<u>\$ 3,298,413</u>	<u>\$ 8,854,597</u>

As of June 30, 2021 and 2020, changes in endowment net assets consist of the following:

June 30, 2021	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Original Gift	
Beginning endowment net assets	\$ 4,397,634	\$ 1,158,550	\$ 3,298,413	\$ 8,854,597
Net investment return	1,029,214	832,168	-	1,861,382
Contributions	292,294	-	-	292,294
Appropriation of endowment for expenditure	<u>(225,529)</u>	<u>(228,573)</u>	<u>-</u>	<u>(454,102)</u>
Ending endowment net assets	<u>\$ 5,493,613</u>	<u>\$ 1,762,145</u>	<u>\$ 3,298,413</u>	<u>\$10,554,171</u>

8. ENDOWMENT FUNDS (Cont.)

June 30, 2020	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Original Gift	
Beginning endowment net assets	\$ 3,372,622	\$ 1,274,763	\$ 3,298,413	\$ 7,945,798
Net investment return	279,175	378,553	-	657,728
Contributions	812,071	-	-	812,071
Appropriation of endowment for expenditure	<u>(66,234)</u>	<u>(494,766)</u>	<u>-</u>	<u>(561,000)</u>
Ending endowment net assets	<u>\$ 4,397,634</u>	<u>\$ 1,158,550</u>	<u>\$ 3,298,413</u>	<u>\$ 8,854,597</u>

9. INVESTMENTS

Investments consist of the following:

June 30, 2021	Cost	Fair Value	Excess (Deficit) of Fair Value Over Cost
Cash and cash equivalents	\$ 675,946	\$ 675,946	\$ -
U.S. equities	2,811,425	4,526,280	1,714,855
International equities	1,275,313	1,692,735	417,422
Mutual funds –			
U.S. equity	344,387	408,475	64,088
International equity	1,323,513	1,784,040	460,527
Fixed income US	1,109,038	1,129,689	20,651
Exchange traded funds -			
U.S. equity	152,176	284,447	132,271
Fixed income -			
Corporate	727,334	747,827	20,493
Government	327,080	323,895	(3,185)
Alternative investments	<u>420,927</u>	<u>644,641</u>	<u>223,714</u>
Totals	<u>\$ 9,167,139</u>	<u>\$ 12,217,975</u>	<u>\$ 3,050,836</u>

9. INVESTMENTS (Cont.)

<u>June 30, 2020</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Excess (deficit) of Fair Value Over Cost</u>
Cash and cash equivalents	\$ 924,390	\$ 924,390	\$ -
U.S. equities	650,502	797,759	147,257
International equities	1,084,285	1,162,864	78,579
Mutual funds –			
U.S. equity	2,557,774	3,561,002	1,003,228
International equity	891,717	1,090,779	199,062
Fixed income US	918,006	904,299	(13,707)
Exchange traded funds -			
U.S. equity	152,176	221,740	69,564
Fixed income -			
Corporate	712,106	751,813	39,707
Government	251,823	256,764	4,941
Alternative investments	<u>394,708</u>	<u>478,754</u>	<u>84,046</u>
Totals	<u>\$ 8,537,487</u>	<u>\$ 10,150,164</u>	<u>\$ 1,612,677</u>

Investment income for the years ended June 30, 2021 and 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 194,013	\$ 245,248
Net realized gain	966,611	213,692
Net change in unrealized gain	<u>1,438,159</u>	<u>307,251</u>
	2,598,783	766,191
Less investment management fee	<u>(88,808)</u>	<u>(74,590)</u>
Total investment income, net	<u>\$ 2,509,975</u>	<u>\$ 691,601</u>

10. FAIR VALUE MEASUREMENTS

The following sets forth by level, within the fair value hierarchy, the Organization's assets and liabilities as of June 30, 2021:

	<u>Fair Value (Level 1)</u>	<u>Fair Value (Level 2)</u>	<u>Fair Value (Level 3)</u>
<i>Assets</i>			
Cash with donor restrictions	\$ 1,631,750	\$ -	\$ -
Cash for long term use	34,370	-	-
Cash and cash equivalents	675,946	-	-
U.S. equities	4,526,280	-	-
International equities	1,692,735	-	-
Mutual funds –			
U.S. equity	408,475	-	-
International equity	1,784,040	-	-
Fixed income US	1,129,689	-	-
Exchange traded funds -			
U.S. equity	284,447	-	-
Fixed income -			
Corporate	-	747,827	-
Government	-	323,895	-
Real estate investment trust	-	644,641	-
Assets held in split interest trusts and agreements -			
Cash and cash equivalents	13,038	-	-
U.S. equity	392,825	-	-
Real asset fund	10,983	-	-
Corporate fixed income	-	215,331	-
Government fixed income	-	19,786	-
Life insurance cash value	-	-	103,076
Interest in perpetual trusts -			
Cash and cash equivalents	15,070	-	-
U.S. equity	559,531	-	-
Real asset fund	21,778	-	-
Corporate fixed income	-	191,613	-
Alternative investment	-	-	15,668
Assets held in deferred compensation plan	<u>57,678</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 13,238,635</u>	<u>\$ 2,143,093</u>	<u>\$ 118,744</u>

10. FAIR VALUE MEASUREMENTS (Cont.)

Liabilities

Split interest trusts -			
Trustee	\$ -	\$ 114,920	\$ -
Non-trustee	<u>-</u>	<u>205,127</u>	<u>-</u>
Total Liabilities	<u>\$ -</u>	<u>\$ 320,047</u>	<u>\$ -</u>

The following sets forth by level, within the fair value hierarchy, the Organization's assets and liabilities as of June 30, 2020:

	<u>Fair Value (Level 1)</u>	<u>Fair Value (Level 2)</u>	<u>Fair Value (Level 3)</u>
<i>Assets</i>			
Cash with donor restrictions	\$ 1,750,632	\$ -	\$ -
Cash for long term use	34,353	-	-
Cash and cash equivalents	924,390	-	-
U.S. equities	797,759	-	-
International equities	1,162,864	-	-
Mutual funds -			
U.S. equity	3,561,002	-	-
International equity	1,090,779	-	-
Fixed income US	904,299	-	-
Exchange traded funds -			
U.S. equity	221,740	-	-
Fixed income -			
Corporate	-	751,813	-
Government	-	256,764	-
Real estate investment trust	-	478,754	-
Assets held in split interest trusts and agreements -			
Cash and cash equivalents	11,510	-	-
U.S. equity	304,853	-	-
Real asset fund	6,584	-	-
Corporate fixed income	-	193,527	-
Government fixed income	-	17,793	-
Life insurance cash value	-	-	102,317

11. FAIR VALUE MEASUREMENTS (Cont.)

(Cont.)

Interest in perpetual trusts -			
Cash and cash equivalents	20,866	-	-
U.S. equity	424,983	-	-
Real asset fund	19,713	-	-
Corporate fixed income	-	206,028	-
Alternative investment	-	-	15,668
Assets held in deferred compensation plan	<u>31,478</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 13,238,635</u>	<u>\$ 1,904,679</u>	<u>\$ 121,984</u>
 <i>Liabilities</i>			
Split interest trusts -			
Trustee	\$ -	\$ 89,072	\$ -
Non-trustee	<u>-</u>	<u>242,424</u>	<u>-</u>
Total Liabilities	<u>\$ -</u>	<u>\$ 331,496</u>	<u>\$ -</u>

Level 3 Activity

The tables below sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the year ended June 30, 2021:

Life insurance cash value in split interest trusts and agreements:

Balance, beginning of year	\$ 102,317
Increase in cash surrender value	<u>759</u>
Total life insurance cash value	<u>\$ 103,076</u>

Change in fair value of alternative investments:

Balance, beginning of year	\$ 19,667
Sale of alternative investments	<u>(3,999)</u>
Total alternative investments	<u>\$ 15,668</u>

12. RETIREMENT PLANS

The Organization has both a 403(b) plan and a qualified employer defined contribution retirement plans for its employees. Eligibility is as follows:

403(b) Plan

All eligible employees may participate and make salary deductions. There is no minimum age or service requirement for participant contributions, however, to receive the employer match, employees must be at least 21 years of age and complete at least one year of service. One year of service, for purposes of the Plan, is credited at the end of the participants first twelve months of service in which they satisfy at least 700 hours of service from their hire date until their anniversary date.

The Organization makes a matching contribution on the participant's behalf equal to 50% of their salary deduction amount, not to exceed 9% of compensation for the year.

Defined Contribution Plan

All eligible employees may participate. The age requirement is 21 years of age and participants must complete one year of service. One year of service, for purposes of the Plan, is credited at the end of the participants first twelve months of service in which they satisfy at least 700 hours of service from their hire date until their anniversary date.

The Organization makes a contribution on the participants behalf based on service as follows:

Years of service	Percentage of compensation
Less than 30 completed years of service	8%
30 completed years of service or more	15%

The Organization has a non-qualified 457(b) Eligible Deferred Compensation Plan. Three employees have participated in this plan since its establishment in 2002; two have retired as of June 30, 2018. As of June 30, 2021, there is one participant in the plan.

Retirement plan expense for the year ended June 30, 2021 and 2020 was \$144,120 and \$120,447, respectively.

11. DESIGNATED NET ASSETS

Designated net assets consist of assets that have been designated by the board of directors for use either for a specific purpose or time period. At June 30, 2021 and 2020, designated net assets consist of the following:

	<u>2021</u>	<u>2020</u>
Strategic reserve	\$ 34,370	\$ 34,353
Capital needs reserve	<u>32,181</u>	<u>14,329</u>
Total designated net assets non-endowment	66,551	48,682
Designated net assets endowment	<u>5,493,613</u>	<u>4,397,634</u>
Total board designated net assets	<u>\$ 5,560,164</u>	<u>\$ 4,446,316</u>

12. DONOR RESTRICTED NET ASSETS

Donor restricted net assets consist of assets subject to donor restrictions for use in future periods and for variety of programs. The income from endowment and perpetual trust assets can be used to support the Organization's various programs and general operations. At June 30, 2021 and 2020, donor restricted net assets were restricted for the following:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose		
Fun in the Sun	\$ 397,743	\$ 315,158
Literacy programs	587,867	309,546
COVID-19 Response Effort	<u>646,140</u>	<u>1,125,928</u>
	<u>1,631,750</u>	<u>1,750,632</u>
Restricted for time		
Pledges and government grants receivable, net	396,637	389,853
Assets held in split interest trusts, net	<u>434,993</u>	<u>305,088</u>
	<u>831,630</u>	<u>694,941</u>
Endowment		
Various programs subject to endowment spending policy	1,762,145	1,158,550
Designated net assets endowment	<u>3,298,413</u>	<u>3,298,413</u>
	<u>5,060,558</u>	<u>4,456,963</u>
Interest in perpetual trusts	<u>803,660</u>	<u>691,257</u>
Total donor restricted net assets	<u>\$ 8,327,598</u>	<u>\$ 7,593,793</u>

13. GOVERNMENT GRANTS

Santa Barbara County and the City of Santa Barbara Grants

During the year ending June 30, 2021, and due to the economic impact of the COVID-19 pandemic in Santa Barbara County, the County of Santa Barbara (the “County”) and United Way of Santa Barbara County entered into several agreements for Emergency Rental Assistance to provide grants to individuals disproportionately impacted by COVID-19 and the economic consequences of the pandemic in the Santa Barbara County community. The Organization was awarded to a total of approximately \$16,600,000, of which approximately \$8,200,000 has already been received and distributed to individuals as of June 30, 2021.

In addition to this, the Organization was also awarded from the City of Santa Barbara to approximately \$1,365,000, to also provide more than three months of emergency rent payments on behalf of low-and-moderate income households. The totality of the award was received and distributed as of June 30, 2021.

Other Government grants

In addition to the awards described above, the Organization received additional awards from the City of Goleta, to allocate towards programs and services to address the public health emergency caused by the COVID-19 pandemic.

SUPPLEMENTARY INFORMATION

United Way of Santa Barbara County, Inc
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor / Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Agency	Other Award Number	Direct	Pass-Through Expenditures	Total
<i>U.S. Department of Treasury</i>						
Emergency Rental Assistance Program	21.023	County of Santa Barbara		\$ -	\$ 6,704,601	\$ 6,704,601
Emergency Rent Assistance and Disaster Assistance Programs	21.019	County of Santa Barbara		-	1,156,106	1,156,106
Emergency Rental Assistance Program	21.023	Local Initiatives Support Corporation		-	2,500	2,500
<i>Total U.S. Department of Treasury</i>				-	7,863,207	7,863,207
<i>U.S. Department of Housing and Urban Development</i>						
Community Development Block Grant - Coronavirus Emergency Grant Payment Program	14.218	County of Santa Barbara		-	333,425	333,425
CARES Community Development Block Grant - Coronavirus Low-Income Individual Assistance Program	14.218	City of Goleta		-	195,000	195,000
Community Development Block Grant - Funds for Coronavirus Response	14.218	City of Santa Barbara		-	1,365,208	1,365,208
<i>Total U.S. Department of Housing and Urban Development</i>				-	1,893,633	1,893,633
<i>U.S. Department of Homeland Security FEMA</i>						
Emergency Food and Shelter Program	97.024	EFSP Local Board		-	4,068	4,068
<i>U.S. Department of Homeland Security FEMA</i>				-	4,068	4,068
<i>Total Expenditure of Federal Awards</i>				\$ -	\$ 9,760,908	\$ 9,760,908

UNITED WAY OF SANTA BARBARA COUNTY, INC.
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the Federal award activity of United Way of Santa Barbara County, Inc (the “Organization”), under programs of the federal government for the year ended June 30, 2021, 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, activities, 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 Uniform Guidance*, wherein certain types of expenditures are not allowed or are limited as a reimbursement. The Organization has not elected to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

*Such expenditures are recognized following, as applicable, either the cost principles in *OMB Circular A-122 Cost Principles for Non-Profit Organizations*, or the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*.

OTHER AUDITOR'S REPORT



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
United Way of Santa Barbara County, Inc.

Report on Compliance for Each Major Federal Program

We have audited compliance of United Way of Santa Barbara County, Inc. (the “Organization”) with the types of compliance requirements described 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, 2021. 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.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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”). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a



major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of 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, 2021.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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.

DAMITZ, BROOKS, NIGHTINGALE, TURNER & MORRISSET

Damitz, Brooks, Nightingale,
Turner & Morrisset
January 12, 2022
Santa Barbara, California

UNITED WAY OF SANTA BARBARA COUNTY, INC.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

SECTION 1. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	No

Identification of major programs:

CFDA Numbers	Program Name
21.023	Emergency Rental Assistance Program
14.218	Community Development Block Grant Program for Entitlement Communities

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as a low-risk auditee?	No

SECTION 2. FINANCIAL STATEMENT FINDINGS

None reported.

SECTION 3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

There were no Federal Awards subject to audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* in the prior year.