United Way of Santa Barbara County, Inc.

(A California Nonprofit Organization)

Financial Statements
Years Ended June 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
United Way of Santa Barbara County, Inc.

Opinion
We have audited the accompanying financial statements of United Way of Santa Barbara County, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of Santa Barbara County, Inc. 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 United Way of Santa Barbara County, Inc.'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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United Way of Santa Barbara County, Inc.'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 United Way of Santa Barbara County, Inc.'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.

Report on Summarized Comparative Information

We have previously audited United Way of Santa Barbara County, Inc.'s 2023 financial statements, and their report dated January 24, 2024, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hutchinson and Bloodgood LLP

Santa Barbara, California
December 18, 2024

United Way of Santa Barbara County, Inc.
Statement of Financial Position
Year Ended June 30, 2024
(With Summarized Comparative Totals for the Year 2023)

	Without Donor Restrictions	With Donor Restrictions	Total 2024	Total 2023
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 1,143,885	$ --	$ 1,143,885	$ 1,171,727
Cash with donor restrictions	--	1,971,839	1,971,839	2,161,016
Pledges receivables	--	241,122	241,122	274,409
Governement grants receivables	--	103,984	103,984	55,556
Prepaid expenses	158,290	--	158,290	109,446
Investments, non-endowment	1,602,395	--	1,602,395	1,454,508
TOTAL CURRENT ASSETS	2,904,570	2,316,945	5,221,515	5,226,662
NON CURRENT ASSETS				
Designated cash for long-term use	34,396	--	34,396	34,404
Endowment cash	838,627	--	838,627	583,560
Investments, endowment	4,000,557	4,760,574	8,761,131	8,474,296
Property and equipment, net	363,287	--	363,287	393,817
Interest in perpetual trusts	--	702,583	702,583	675,766
Assets held in split interest trusts and agreements	--	670,477	670,477	625,326
Assets held under deferred compensation plan	116,331	--	116,331	83,126
TOTAL NON CURRENT ASSETS	5,353,198	6,133,634	11,486,832	10,870,295
TOTAL ASSETS	$ 8,257,768	$ 8,450,579	$ 16,708,347	$ 16,096,957
LIABILITIES AND NET ASSETS				
CURRENT LIABILITES				
Accounts payable	$ 113,555	$ --	$ 113,555	$ 74,091
Accrued payroll and related expenses	144,046	--	144,046	155,482
Deferred revenue	5,347	--	5,347	18,181
Designations payable	54,345	--	54,345	81,421
TOTAL CURRENT LIABILITES	317,293	--	317,293	329,175
LONG TERM LIABILITES				
Present value of future payments on split-interest trusts and agreements	--	287,233	287,233	265,619
Deferred compensation plan obligation	116,331	--	116,331	83,126
TOTAL LONG TERM LIABILITES	116,331	287,233	403,564	348,745
TOTAL LIABILITIES	433,624	287,233	720,857	677,920
NET ASSETS				
Without donor restrictions				
Undesignated	2,902,820	--	2,902,820	2,752,434
Board designated non-endowment	82,140	--	82,140	82,293
Board designated endowment	4,839,184	--	4,839,184	4,359,490
With donor restrictions				
Non-endowment	--	3,402,772	3,402,772	3,526,454
Endowment	--	4,760,574	4,760,574	4,698,366
TOTAL NET ASSETS	7,824,144	8,163,346	15,987,490	15,419,037
TOTAL LIABILITES AND NET ASSETS	$ 8,257,768	$ 8,450,579	$ 16,708,347	$ 16,096,957

The Notes to Financial Statements are an integral part of these statements.

United Way of Santa Barbara County, Inc.
Statement of Activities
Year Ended June 30, 2024
(With Summarized Comparative Totals for the Year 2023)

	Without Donor Restrictions	With Donor Restrictions	Total 2024	Total 2023
PUBLIC SUPPORT				
CONTRIBUTIONS				
Campaign	$ 805,191	$ 66,306	$ 871,497	$ 1,268,616
Bequests	418,267	--	418,267	344,050
Government grants	--	586,771	586,771	14,172,298
Grants	7,811	1,236,723	1,244,534	816,256
In-kind contributions	6,050	82,088	88,138	85,144
Net assets released from restrictions	2,439,746	(2,439,746)	--	--
Special events:				
Special events - gross	373,236	--	373,236	432,904
Direct special events costs	(237,584)	--	(237,584)	(302,081)
Net special events proceeds	135,652	--	135,652	130,823
TOTAL PUBLIC SUPPORT	3,812,717	(467,858)	3,344,859	16,817,187
REVENUE (LOSS)				
Investment income, net	634,089	356,030	990,119	883,559
Licensing fees	12,834	--	12,834	31,725
Change in value of split interest trusts and agreements	--	23,537	23,537	(20,585)
Change in value of perpetual trusts interests	--	26,817	26,817	19,970
Miscellaneous income	--	--	--	30,000
TOTAL REVENUE	646,923	406,384	1,053,307	944,669
TOTAL PUBLIC SUPPORT AND REVENUE	4,459,640	(61,474)	4,398,166	17,761,856
EXPENSES				
Program services	3,026,023	--	3,026,023	15,972,542
Management and general	323,868	--	323,868	312,151
Fundraising	479,822	--	479,822	473,552
TOTAL EXPENSES	3,829,713	--	3,829,713	16,758,245
INCREASE (DECREASE) IN NET ASSETS	629,927	(61,474)	568,453	1,003,611
NET ASSETS, BEGINNING OF YEAR	7,194,217	8,224,820	15,419,037	14,415,426
NET ASSETS, END OF YEAR	$ 7,824,144	$ 8,163,346	$ 15,987,490	$ 15,419,037

The Notes to Financial Statements are an integral part of these statements.

United Way of Santa Barbara County, Inc.

Statement of Functional Expenses
Year Ended June 30, 2024
(With Summarized Comparative Totals for the Year 2023)

	Program Services	Management and General	Fundraising	Total 2024	Total 2023
SALARIES AND BENEFITS					
Salaries	$ 1,313,657	$ 115,160	$ 253,804	$ 1,682,621	$ 1,844,612
Payroll taxes	96,164	8,581	18,878	123,623	137,702
Employee benefits	138,388	21,004	46,065	205,457	223,270
TOTAL SALARIES AND BENEFITS	1,548,209	144,745	318,747	2,011,701	2,205,584
OPERATING EXPENSES					
Advertising	39,517	1,198	30,698	71,413	70,928
Dues	23,304	--	15,536	38,840	28,146
Information technology	32,674	2,197	19,970	54,841	123,537
Insurance	9,520	4,310	--	13,830	10,673
Legal	--	2,103	--	2,103	--
Meetings, conferences and events	52,402	2,968	28,743	84,113	62,263
Occupancy	38,749	3,695	15,127	57,571	65,620
Office expenses	106,933	16,701	18,398	142,032	161,756
Printing	2,076	175	2,716	4,967	1,739
Professional services	379,514	42,311	28,686	450,511	254,168
Professional services (in-kind)	--	6,050	--	6,050	5,909
Program supplies (in-kind)	82,088	--	--	82,088	79,235
Software licenses	43,175	--	--	43,175	66,502
Special events - entertainment	--	--	7,750	7,750	4,200
Special events - foods	--	--	67,616	67,616	96,731
Special events - special functions	--	--	53,863	53,863	65,560
Special events - other expenses	--	--	108,355	108,355	135,590
Travel	63,334	7,124	1,201	71,659	66,253
TOTAL OPERATING EXPENSES	873,286	88,832	398,659	1,360,777	1,298,810
OTHER OPERATING EXPENSES					
Uncollectible pledges expense	--	46,863	--	46,863	28,340
Community impact grants	604,528	--	--	604,528	13,482,564
Depreciation	--	43,428	--	43,428	45,028
TOTAL OTHER OPERATING EXPENSES	604,528	90,291	--	694,819	13,555,932
Less expenses included with revenues on the statement of activities					
Special events expenses	--	--	(237,584)	(237,584)	(302,081)
TOTAL EXPENSES	$ 3,026,023	$ 323,868	$ 479,822	$ 3,829,713	$ 16,758,245

The Notes to Financial Statements are an integral part of these statements.

United Way of Santa Barbara County, Inc.
Statement of Cash Flows
Years Ended June 30, 2024
(With Summarized Comparative Totals for the Year 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	**$ 568,453**	$ 1,003,611
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	**43,428**	45,028
Unrealized gain on investments	**(704,028)**	(821,959)
Net realized loss (gain) on investments	**(63,596)**	152,306
Change in split interest agreements and obligations	**(23,537)**	20,585
Change in perpetual trust	**(26,817)**	(19,970)
Change in provision for uncollectible pledges	**--**	(15,830)
Increase (decrease) in:		
Pledges receivable	**33,287**	33,347
Government grants receivable	**(48,428)**	255,496
Prepaid expenses	**(48,844)**	9,344
Increase (decrease) in:		
Accounts payable and other current liabilities	**12,388**	(23,303)
Emergency rental assistance program payables	**--**	(445,560)
Accrued payroll and related expenses	**(11,436)**	20,554
Deferred revenue	**(12,834)**	(31,725)
Net cash provided (used) by operating activities	**(281,964)**	181,924
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	**3,134,409**	3,007,379
Purchase of investments	**(2,801,507)**	(2,991,334)
Change in cash held for board designated endowment purposes	**(65,882)**	364,682
Purchase of property and equipment	**(12,898)**	(30,884)
Net cash provided by investing activities	**254,122**	349,843
Net increase (decrease) in cash and cash equivalents	**(27,842)**	531,767
CASH AND CASH EQUIVALENTS, beginning of year	**1,171,727**	639,960
CASH AND CASH EQUIVALENTS, end of year	**$ 1,143,885**	$ 1,171,727

NOTE 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 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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 nature and total of in-kind contributions of goods and services received for the years ended June 30, 2024 and 2023 , is as follows:

	2024	2023
Contributed accounting services	**$ 6,050**	$ 5,909
In-kind donations of goods	**82,088**	79,235
	$ 88,138	$ 85,144

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.

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 2021 to the present remain subject to examination by the IRS for federal tax purposes, and the tax years from 2020 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, 2024 or for prior periods.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

The 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) The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. As of June 30, 2024, uninsured cash balances at June 30, 2024, totaled $2,874,346. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash accounts.

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 and real estate investments: 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)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Buildings and improvements	5-20 years
Furniture and equipment	5-10 years
Computers, software, and vehicles	5 years

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.

Leases: The Organization has adopted Financial Accounting Standard Board (FASB) Accounting Standard codification (ASC 842), *Leases*, with a date of initial application of July 1, 2022. For leases with a lease term greater than one year, the Organization recognizes a lease asset for its right to use the underlying leased asset and a lease liability for the corresponding lease obligation. The Organization determines whether an arrangement is or contains a lease at contract inception.

Operating lease right-of-use assets and operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. In determining the present value of lease payments, the Organization uses a risk-free rate of a period comparable with that of the lease term.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Organization considers the lease term to be the noncancelable period that it has the right to use the underlying asset, including all periods covered by an option to (1) extend the lease if the Organization is reasonably certain to exercise the option, (2) terminate the lease if the Organization is reasonably certain not to exercise that option, and (3) extend, or not to terminate, the lease in which exercise of the option is controlled by the lessor.

Operating leases with a duration greater than one year are required to be included in operating lease right-of-use assets, current portion operating lease liabilities, and operating lease liabilities, net of current portion in the Organization's statement of financial position. As of June 30, 2024, the Organization did not have any leases required to be accounted for under ASC 842.

Subsequent Events: Management has evaluated subsequent events through December 18, 2024, the date that the financial statements were available to be issued.

NOTE 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, 2024:

Cash and cash equivalents	$	**1,143,885**
Pledge receivable, net		**241,122**
Government grants receivable		**103,984**
Investments- non-endowment		**1,602,395**
	$	**3,091,386**

Additional funds are 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, 2025.

NOTE 3. PLEDGES RECEIVABLE

As of June 30, 2024, all pledges receivable were current and consisted of the following:

Less than 1 year	$	**291,122**
Allowance for uncollectible pledges receivable		**(50,000)**
Pledges receivable, net	$	**241,122**

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2024	2023
Land	**$ 218,000**	$ 218,000
Buildings and improvements	**1,506,948**	1,504,492
Furniture and equipment	**131,469**	121,028
Computer hardware and software	**183,708**	183,708
Vehicles	**28,504**	28,504
	2,068,629	2,055,732
Less accumulated depreciation	**(1,705,342)**	(1,661,915)
Net book value	**$ 363,287**	$ 393,817

Depreciation expense related to property and equipment for the years ended June 30, 2024 and 2023, was $43,428 and $45,028, respectively.

NOTE 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:

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, 2024 and 2023 were $237,573 and $225,521 with corresponding liabilities for future payments of $160,830 and $145,964, respectively.

NOTE 5. SPLIT-INTEREST TRUSTS AND AGREEMENTS (CONTINUED)

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. 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 $127,896 and $114,527 with a corresponding payment liability for future payments of $103,367 and $94,059 at June 30, 2024 and 2023, 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, 2024 and 2023, the present value of these trusts where the Organization is not the trustee were $211,157 and $192,041, respectively.

Life Insurance: The Organization is the beneficiary of life insurance policies with total cash surrender values of $93,851 and$93,237 as of June 30, 2024 and 2023, respectively. The increase of cash surrender values of $614 and the decrease of $11,236 for the years ended June 30, 2024 and 2023, respectively, has been recorded in investment income in the accompanying Statement of Activities.

A summary of split interest values as of June 30, 2024 are as follows:

	Assets	Obligations
Pooled income funds	**$ 237,573**	**$ 160,830**
Charitable reminder trusts	**339,053**	**103,367**
Life insurance	**93,851**	**23,036**
	$ 670,477	**$ 287,233**

A summary of split interest values as of June 30, 2023 are as follows:

	Assets	Obligations
Pooled income funds	$ 225,521	$ 145,964
Charitable reminder trusts	306,568	94,059
Life insurance	93,237	25,596
	$ 625,326	$ 265,619

NOTE 5. SPLIT-INTEREST TRUSTS AND AGREEMENTS (CONTINUED)

Perpetural 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 $702,583 and $675,765 at June 30, 2024 and 2023, 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.

NOTE 6. 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, 2024, there were no funds with deficiencies.

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.

NOTE 6. ENDOWMENT FUNDS (CONTINUED)

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: The endowment fund held the following assets as of June 30:

	2024	2023
Cash held at investment brokers	**$ 93,237**	$ 583,560
Investments	**614**	8,474,296
Total assets held in endowment fund	**$ 93,851**	$ 9,057,856

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

		With Donor Restrictions		
	Without Donor Restrictions	Accumulated Earnings	Original Gift	Total
Board designated endowment funds	**$ 4,839,184**	**$ --**	**$ --**	**$ 4,839,184**
Donor restricted endowment funds	**--**	**1,212,161**	**3,548,413**	**4,760,574**
	$ 4,839,184	**$ 1,212,161**	**$ 3,548,413**	**$ 9,599,758**

NOTE 6. ENDOWMENT FUNDS (CONTINUED)

Endowment net asset composition by type of fund as of June 30, 2023:

		With Donor Restrictions		
	Without Donor Restrictions	Accumulated Earnings	Original Gift	Total
Board designated endowment funds	$ 4,359,490	$ --	$ --	$ 4,359,490
Donor restricted endowment funds	--	1,149,953	3,548,413	4,698,366
	$ 4,359,490	$ 1,149,953	$ 3,548,413	$ 9,057,856

As of June 30, 2024 and 2023, changes in endowment net assets consist of the following:

		With Donor Restrictions		
June 30, 2024	Without Donor Restrictions	Accumulated Earnings	Original Gift	Total
Beginning endowment net assets	**$ 4,359,490**	**$ 1,149,953**	**$ 3,548,413**	**$ 9,057,856**
Net investment return	**367,560**	**356,030**	**--**	**723,590**
Contributions	**384,763**	**--**	**--**	**384,763**
Appropriation of endowment for expenditure	**(272,629)**	**(293,822)**	**--**	**(566,451)**
Ending endowment net assets	**$ 4,839,184**	**$ 1,212,161**	**$ 3,548,413**	**$ 9,599,758**

NOTE 6. ENDOWMENT FUNDS (CONTINUED)

June 30, 2023	Without Donor Restrictions	With Donor Restrictions: Accumulated Earnings	With Donor Restrictions: Original Gift	Total
Beginning endowment net assets	$ 4,121,685	$ 1,055,370	$ 3,298,413	$ 8,475,468
Net investment return	373,610	359,560	--	733,170
Contributions	115,046	--	250,000	365,046
Appropriation of endowment for expenditure	(250,851)	(264,977)	--	(515,828)
Ending endowment net assets	$ 4,359,490	$ 1,149,953	$ 3,548,413	$ 9,057,856

NOTE 7. INVESTMENTS

Investments consist of the following:

June 30, 2024	Cost	Fair Value	Excess (Deficit) of Fair Value Over Cost
Cash and cash equivalents	**$ 838,627**	**$ 838,627**	**$ --**
U.S. equities	**2,612,486**	**3,389,759**	**777,273**
International equities	**424,577**	**469,623**	**45,046**
Mutual funds			
International equity	**530,707**	**567,269**	**36,562**
Fixed income U.S.	**863,601**	**838,348**	**(25,253)**
Exchange traded funds			
U.S. equity	**1,717,792**	**2,136,257**	**418,465**
International equity	**570,470**	**624,973**	**54,503**
Fixed income U.S.	**841,881**	**861,349**	**19,468**
Fixed income			
Corporate	**577,722**	**541,145**	**(36,577)**
Government	**387,492**	**344,703**	**(42,789)**
Alternative investments	**574,067**	**590,100**	**16,033**
Totals	**$ 9,939,422**	**$ 11,202,153**	**$ 1,262,731**

NOTE 7. INVESTMENTS (CONTINUED)

June 30, 2023	Cost	Fair Value	Excess (Deficit) of Fair Value Over Cost
Cash and cash equivalents	$ 583,559	$ 583,559	$ --
U.S. equities	3,128,166	3,647,928	519,762
International equities	720,797	743,948	23,151
Mutual funds			
U.S. equities	291,755	305,170	13,415
International equity	554,720	570,173	15,453
Fixed income U.S.	457,509	415,167	(42,342)
Exchange traded funds			
U.S. equity	1,518,058	1,645,067	127,009
International equity	399,875	359,944	(39,931)
Fixed income U.S.	750,608	750,544	(64)
Fixed income			
Corporate	557,562	511,457	(46,105)
Government	406,955	359,534	(47,421)
Alternative investments	584,097	619,873	35,776
Totals	$ 9,953,661	$ 10,512,364	$ 558,703

Investment income (loss) for the years ended June 30, 2024 and 2023 consists of the following:

	2024	2023
Interest and dividends	**$ 304,670**	$ 292,754
Net realized gain (loss)	**63,596**	(152,306)
Net change in unrealized gain	**704,028**	821,959
	1,072,294	962,407
Less investment management fees	**(82,175)**	(78,848)
	$ 990,119	$ 883,559

NOTE 8. FAIR VALUE MEASUREMENTS

The following sets forth by level, within the fair value hierarchy, the Organization's assets and liabilities as of June 30, 2024:

	Fair Value (Level 1)	Fair Value (Level 2)	Fair Value (Level 3)
ASSETS			
Cash and cash equivalents	$ 1,971,839	$ --	$ --
Cash for long term use	34,396	--	--
Cash and cash equivalents	838,627	--	--
U.S. equities	3,389,758	--	--
International equities	469,623	--	--
Mutual funds			
International equity	567,269	--	--
Fixed income U.S.	838,348	--	--
Exchange traded funds			
U.S. equity	2,136,257	--	--
International equity	624,973	--	--
Fixed income U.S.	861,349	--	--
Fixed income			
Corporate	--	541,145	--
Government	--	344,703	--
Real estate investment trust	--	590,100	--
Assets held in split interest trusts and agreements			
Cash and cash equivalents	15,758	--	--
U.S. equity	406,444	--	--
Real asset fund	11,256	--	--
Corporate fixed income	--	143,168	--
Life insurance cash value	--	--	93,851
Interest in perpetual trusts			
Cash and cash equivalents	25,587	--	--
U.S. equity	398,907	--	--
Real asset fund	27,991	--	--
Corporate fixed income	--	250,098	--
Assets held in deferred compensation plan	116,331	--	--
TOTAL ASSETS	$ 12,734,713	$ 1,869,214	$ 93,851
LIABILITIES			
Split interest trusts			
Trustee	$ --	$ 103,367	$ --
Non-trustee	--	183,866	--
TOTAL LIABILITIES	$ --	$ 287,233	$ --

NOTE 8. FAIR VALUE MEASUREMENTS (CONTINUED)

The following sets forth by level, within the fair value hierarchy, the Organization's assets and liabilities as of June 30, 2023:

	Fair Value (Level 1)	Fair Value (Level 2)	Fair Value (Level 3)
ASSETS			
Cash and cash equivalents	$ 2,828,624	$ --	$ --
Cash for long term use	34,404	--	--
Cash and cash equivalents	583,560	--	--
U.S. equities	3,647,928	--	--
International equities	743,948	--	--
Mutual funds			
U.S. equities	305,170	--	--
International equity	570,173	--	--
Fixed income U.S.	415,167	--	--
Exchange traded funds			
U.S. equity	1,645,067	--	--
International equity	359,944	--	--
Fixed income U.S.	750,544	--	--
Fixed income			
Corporate	--	511,457	--
Government	--	359,534	--
Real estate investment trust	--	619,873	--
Assets held in split interest trusts and agreements			
Cash and cash equivalents	15,277	--	--
U.S. equity	306,796	--	--
Real asset fund	11,789	--	--
Corporate fixed income	--	198,227	--
Life insurance cash value	--	--	93,237
Interest in perpetual trusts			
Cash and cash equivalents	19,842	--	--
U.S. equity	377,643	--	--
Real asset fund	25,328	--	--
Corporate fixed income	--	252,953	--
Assets held in deferred compensation plan	83,126	--	--
TOTAL ASSETS	$ 12,724,330	$ 1,942,044	$ 93,237
LIABILITIES			
Split interest trusts			
Trustee	$ --	$ 94,059	$ --
Non-trustee	--	171,560	--
TOTAL LIABILITIES	$ --	$ 265,619	$ --

NOTE 8. FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2024:

Life insurance cash value in split interest trusts and agreements:

Balance, beginning of year	**$**	**93,237**
Increase in cash surrender value		**614**
Total life insurance cash value	**$**	**93,851**

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, 2023:

Balance, beginning of year	$	104,473
Decrease in cash surrender value		(11,236)
Total life insurance cash value		93,237

NOTE 9. RETIREMENT PLAN

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.

NOTE 9. RETIREMENT PLAN (CONTINUED)

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, 2024, there is one participant in the plan.

Retirement plan expense for the year ended June 30, 2024 and 2023 was $154,783 and $131,257, respectively.

NOTE 10. 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, 2024 and 2023, designated net assets consist of the following:

	2024	2023
Strategic reserve	**$ 34,396**	$ 34,404
Capital needs reserve	**47,744**	47,889
Total designated net assets non-endowment	**82,140**	82,293
Designated net assets endowment	**4,839,184**	4,359,490
Total board designated net assets	**$ 4,921,324**	$ 4,441,783

NOTE 11. 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, 2024 and 2023, donor restricted net assets were restricted for the following:

	2024	2023
Subject to expenditure for specified purpose		
Fun in the sun	**$ 608,468**	$ 624,004
Literacy programs	**646,193**	821,925
COVID-19 response effort	**--**	236,667
Individual disaster program and resiliency grants	**677,003**	331,997
Financial empowerment	**40,175**	55,866
Miscellaneous special projects	**--**	90,557
	1,971,839	2,161,016
Restricted for time		
Pledges and government grants receivable, net	**345,106**	329,965
Assets held in split interest trusts, net	**383,244**	359,707
	728,350	689,672
Endowment		
Various programs subject to endowment spending policy	**1,212,161**	1,149,953
Designated net assets endowment	**3,548,413**	3,548,413
	4,760,574	4,698,366
Interest in perpetual trusts	**702,583**	675,766
	$ 8,163,346	$ 8,224,820

NOTE 12. 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, Inc. 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.

During the year ending June 30, 2022, the awards received in prior year were amended to the American Rescue Plan Act of 2021 Emergency Rent Assistance Program ERA 1 and ERA 2. The Organization was awarded a total of approximately $37,100,000. For the year ended June 30, 2024, approximately $300,000 has been received and distributed to individuals. As of June 30, 2024, the Organization had no remaining funds.

Other Government grants: In addition to the awards described above, the Organization received additional awards from the County of Santa Barbara, to also help with the Coronavirus recovery, and from the Local Board Emergency Food and Shelter Program, to allocate towards programs and services to address the public health emergency caused by the COVID-19 pandemic. As of June 30, 2024, the Organization had no remaining funds related to Coronavirus recovery.